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AN INDEPENDENT SOCIALIST MAGAZINE

THE IDEOLOGY OF RUSSIA'S RULERS IN 1995: WESTERNIZERS AND EURASIANS

Vladimir Bilenkin

GOVERNMENT AND SOCIAL INSURANCE: A VIEW FROM THE LEFT

Richard Du Boff

THE IDEOLOGY OF COMPETITIVENESS

James Rinehart

VOL. 47
5

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NOTES FROM THE EDITORS

Monetary populism—a belief that society's economic ills are caused by a faulty or mismanaged monetary system—has been a recurring theme, especially in hard times, throughout U.S. history. There was a bitter struggle over the Bank of the United States in the early nineteenth century, the Greenback movement in the mid- to late nineteenth century, and William Jennings Bryan's long, unsuccessful fight against the gold standard in the late nineteenth and early twentieth centuries. It is therefore hardly surprising that similar ideas, controversies, and movements should rise to the surface in the present period of stagnation and political turmoil. Moreover as the situation deteriorates and discontentment increases, there is bound to be an intensifying search for ways out. In these circumstances monetary popularism presents itself as an alluring solution. It has two outstanding advantages: on the one hand it is simple and easily understood, and on the other it is general in the sense that it purports to offer a cure for most of society's basic ailments.

The underlying theory here is that (1) within wide margins the spending of both business and consumers is controlled by interest rates,

(Continued on inside back cover)

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GOVERNMENT AND SOCIAL INSURANCE: A VIEW FROM THE LEFT

RICHARD B. Du BOFF

A massive assault on "big government" dominates American politics. It began with Reaganomics in the early 1980s and received a powerful ideological boost from the collapse of Communism in Eastern Europe a decade later. It is gaining momentum in the 1990s as the Republican Party tells "middle-class" Americans that government policies like taxes, welfare, environmental and safety regulations, and affirmative action are to blame for stagnating household incomes and leaner employment prospects. Right-wing myths about excessive government intervention in the economy flood the media, Congress and state legislatures, the typical workplace, and all levels of the education system.

The result has been a shift of the political spectrum far to the right and the virtual elimination of even moderately left-of-center ideas from public debate. The impact on beliefs and attitudes is unmistakable. It conditions the way that people think and react to economic and political issues that have been fought over for decades. Particularly distressing in this respect is that some who consider themselves liberal, progressive, or radical now support policies advocated by an increasingly aggressive and vitriolic right.

Why this is happening is a complex question with several answers, depending on the issue at hand and the individuals involved. Some on the left may succumb to the incessant

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hammering of the right by unconsciously accepting the terms of the "official" discourse, leaving themselves wide open to specious arguments and phony evidence. Others, often with professional training in economics, may be seeking relevance by adopting market "efficiency" criteria that will allow them to join the game on the new playing field. Many more, perhaps most, may be limited by historical ignorance. They do not understand—or may dismiss as no longer relevant—how programs that aid large numbers of people in a variety of ways grew out of a long struggle for economic security and social justice. They also fail to appreciate how such programs make a mockery of the conservative anthem that, no matter how worthy the intentions, any attempt to substitute government for the free market will hurt the very people who are supposed to be helped without making anyone else better off.

Nowhere are these currents more evident than in the latest round of attacks on federal Old-Age, Survivors, and Disability Insurance (OASDI), more commonly known as Social Security.[1] Now sixty years old, these programs were designed to replace a portion of the earnings a worker or his or her family loses because of retirement, disability, or premature death. Social Security happens to be the only area of the modern welfare state in which this country is not an utter disgrace by international standards. The United States is the only high-income nation that has no national health insurance, no family allocations for children, and no mandatory maternity or paternity leave. It is one of only four countries with no paid statutory vacation time, and the other three (Britain, Italy, Denmark) provide four to six weeks paid vacation through general agreements.

Social Security: More Than a Little Help from Our Friends

The U.S. Social Security system itself is modest by European and Canadian standards. Retirement benefits in 1995 average $8,376 a year for a single person—slightly less than an annualized minimum wage for a full-time worker—and $14,136 for a couple. Nonetheless, Social Security is the major

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source of income for most of the 33 million Americans over sixty-five years of age. Fifty-five percent of the elderly receive over half their income from Social Security, whereas only 7 percent receive over half their income from pension funds (private and public). For those classified as poor, Social Security provides three-fourths of their income. Without Social Security, according to the Census Bureau, nearly half the elderly population would fall below the official poverty line. Instead, poverty rates for the elderly are now below the rates of the general population, which was not the case until 1982. The poverty rate for seniors in 1993 was 12.2 percent compared to 15.1 percent for all persons.[2]

Lest it be thought that Social Security is making older people rich and greedy, as Social Security bashers often imply, it should be noted that in 1993 the median income for people sixty-five and older was $17,751 (including Social Security), compared to $36,858 for people aged fifteen to sixty-four. Ten percent of the elderly had incomes of $50,000 or more, compared with 32 percent of all others. Affluent retirees—relatively few in number, as these figures show—may receive higher monthly benefits, because these are calculated on the basis of a person's annual preretirement income (up to a limit). But in 1993 Congress effectively reduced benefits for better-off retirees by making up to 85 percent of their benefits subject to federal income taxes. Furthermore, unlike private pensions, the formula used to determine Social Security benefits replaces a larger portion of a low-wage worker's preretirement earnings than a high-wage worker's. The current "replacement ratio" runs from 71 percent for a sixty-five-year-old married person whose income in the year before retirement was $15,000 down to 29 percent for one who earned $75,000 (for single people the range is 47 percent to 19 percent). As a result, while Social Security payroll taxes are regressive because they are capped (at $61,200 in 1995) and take a lower percentage of higher incomes, Social Security benefits redistribute income progressively by giving a much better return to poorer workers. In the 1992 *Economic Report*

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of the President, the Bush administration's Council of Economic Advisers acknowledged that "on average, Social Security redistributes resources from higher income households to lower income households."

Social Security is the most important nonmarket mechanism for allocating income in the United States. Since its inception it has never missed a payment and is generally rated high in terms of both customer service and efficiency. OASDI benefits of $317 billion were paid to 43 million people in 1994, at an administrative cost of only 0.8 percent.[3] This successful performance stands as an ongoing challenge to the "superiority" of free market institutions, which have consistently failed to provide satisfactory pension and disability insurance. This is why Social Security sets a "bad example" for the phalanxes of the right: it provides a dramatic illustration of private market failure and shows that government can be reasonably effective in coping with it, if given adequate resources and popular support. That the right should try to destroy this bad example through misinformation, distortions, and outright lies is not surprising. That some on the left should be taken in by this campaign is another matter.

Magical Mystery Tours on the Left

Paul Krugman, professor of economics at MIT, is rated "one of the economic world's superstars" by the *New York Times* and in 1991 won the American Economic Association's award for the best economist under forty years of age. Krugman is no radical, but he is a prominent liberal who has challenged several aspects of free trade theory, as well as right-wing claims that the surge in income inequality in the United States during the Reagan-Bush years is a statistical figment.[4] In *Peddling Prosperity,* Krugman refers to work by Martin Feldstein, Harvard economist and former Council of Economic Advisers chairman under President Ronald Reagan.[5] According to Krugman, Feldstein "pointed out that the existence of the Social Security system reduced the incentives for people to save" for their old age. So, writes Krugman, "if Social Security

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was really taking the place of private pensions or private saving, it could be having a major effect in discouraging the formation of capital."

One genuflection to the right here is the acceptance of the classical economics doctrine that saving automatically generates real investment, a myth exploded by John Maynard Keynes—whom Krugman vigorously defends elsewhere in his book! Much more disturbing is Krugman's silence on what is widely referred to as "Martygate," namely, Feldstein's 1974 article purporting to show that Social Security lowers private saving. Dubious about Feldstein's findings, two Social Security administration economists asked him for his data to test for themselves. It took Feldstein three years to deliver. When his data were rerun, they produced discrepancies that revealed a convenient programming error. Feldstein's model, retested with the error corrected, showed that Social Security was associated with an *increase* in private saving.[6] Feldstein admitted the mistake, blamed the programming error on a graduate assistant, then claimed (as he has ever since) that new calculations validated his original argument. Most economists remain skeptical, but not Krugman, at least not in public, even though he surely knows all about this sordid episode.

Krugman gives credence to another charge against Social Security: "Each [retiring] worker can expect to receive more in benefits than he could have gotten if his payments into the system had been invested in a private pension plan." He has company to his left. University of Massachusetts economist Nancy Folbre claims that retirees receive "between two and four times as much as they could have if they had placed their tax contributions in a high-yielding private pension" or "more than twice the value of their contributions, plus interest."[7] Social ecologist Mike Males adds that "upper-income elders ... are receiving many times more dollars in benefits than they are paying into the system."[8] If these statements imply that Social Security recipients are getting back "twice the value" of their payroll taxes, or "many times more," they are referring to the actual dollar amounts of the contributions

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paid into the system years ago, without taking inflation into account. The maximum payroll tax contribution in 1972, for example, was $414 (4.6 percent of incomes up to $9,000), which is worth $1,530 in 1995 dollars. Correcting for inflation thus reduces the ratio of benefits received to prior contributions. If they mean that the same sums of money "invested in a private pension plan" would produce a lower rate of return, they overlook the fact that, for all social security systems, this is an early-stage feature that becomes less true as such systems reach a mature stage where newer retirees have made larger contributions for their entire working lives. For the currently retiring generation in the United States, the rate of return on contributions is high, primarily because of the increases in real benefit levels enacted by Congress in the early 1970s, when benefits were "indexed" to inflation. Those increases, however, were curbed by legislation in 1977 and 1983 that raised payroll taxes and reduced the indexing formula, so that the return to future retirees will be lower.

But all such rate of return calculations are based on a fallacy. They reflect the practice, almost intuitive in the United States, of applying free market criteria to nonmarket institutions. The difference between private insurance plans and social insurance is that the former are required to build up funds to meet future claims, while for the latter, its "contributions" become part of government's current revenues. In other words, Social Security is a transfer program run on a pay-as-you-go basis: active workers and businesses are taxed to finance current benefits for all those eligible to receive them—and all of us are, in one unforeseeable way or another. The essence of social insurance is the group risk we all share, making any rate of return calculation meaningless. Some people get no benefits because they die before retirement, single and childless. Some die after receiving only a few months of benefits. Others benefit more because they live longer or because they have the misfortune to become disabled.

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The most frequently heard attack on Social Security—that it is "actuarially unsound" and will run out of funds once large numbers of "baby boomers" start to retire in twenty years—is another example of a false analogy between private insurance and a government system for allocating income. The "soundness" of Social Security depends on the capacity of the federal government to raise the necessary revenues, not on any "fund" accumulated for that purpose. At present, Social Security is running a surplus of $60 billion per year, and annual income will exceed annual payouts until 2015. Subsequent deficits can be accommodated through modest payroll tax and benefit adjustments, as well as growth of the overall economy. *Business Week*, in a report entitled "The Economics of Aging," concluded that "Social Security's financing problems are manageable," without doing anything "draconian."[9]

For too many people, free market economics obscures the universal and open-ended character of social insurance compared to private insurance contracts. Nowhere in the writings of Krugman and Folbre, for example, is there any recognition of Social Security's disability and survivor benefits. Forty percent of those currently receiving Social Security benefits are not retirees. The reason is that one out of five people working today will die before age 65 and three in ten will be disabled for six months or more. Of total OASDI benefits of $317 billion in 1994, $52 billion went to 7 million survivors of deceased workers and $38 billion more to 5.5 million disabled people and their families.

The importance of these benefits needs no elaboration, yet critics of Social Security seem to be unaware of their existence. Of course, enemies of "big government" will ignore the assistance that Social Security gives to people of all ages, including children. They can also be expected to accuse the elderly, who strongly defend Social Security, of fomenting "intergenerational warfare." But how can anyone on the left uncritically accept this gross misrepresentation of the temper of American politics today? Folbre accepts it; she advises the left to "challenge the structure of a Social Security system that

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pits the elderly against the young by guaranteeing the welfare of one but not the other.... Are huge transfers to the affluent really the price we have to pay for modest assistance for the poor?"[10] Sylvia Hewlett, another specialist in the economics of child poverty, asserts that "there are more urgent priorities than subsidizing the life-style of an elderly person who already has a substantial income. A case in point are those millions of American toddlers shut out of Head Start due to a shortfall in public funds."[11]

This is an economist's "trade-off" game, and a badly flawed one at that. First, its terms are inaccurate: Social Security transfers to the affluent are not "huge." In 1990, Social Security disbursements totalled $249 billion; of that amount, retirees with incomes of $100,000 or more received $8 billion, or 3.2 percent, a share now shrinking because of the 1993 taxes on Social Security benefits.[12] Second, this analysis begs the question of whether we treat our elderly population too generously or our children too shabbily. What if both are inadequately supported? Should one be improved only at the expense of the other because "a shortfall in public funds" appears to rule out any other solution? Folbre's answer—that Social Security "reinforces inequalities based on gender and age and discourages elderly participation in class-based politics"—is irrelevant. At its birth Social Security did discriminate against single women and divorced mothers, and it still does. But changes in benefit formulas over the past twenty years have reduced these biases, and they could be eliminated by strengthening Social Security and expanding its coverage, not by helping the right wing demolish it.

Perhaps the most deceptively attractive idea being peddled by Social Security critics is to reduce benefits for higher income retirees and eliminate them for the affluent. Mike Males has bought into this one: "Anyone who is serious about redistributing income in America must be willing to subject all public benefit programs—whether universal or targeted—to means-testing."[13]

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Such a policy would help finish the job that the right has begun—undermining the political consensus for Social Security so that someday it can be abolished altogether. In 1935, the idea of accepting support from the government was still an anathema to most people; the Social Security payroll tax was a device to establish the system's respectability and appeal to the American ethic of productive work and individual responsibility. People came to view Social Security benefits as an entitlement they paid for, not a "handout." This is the source of the system's widespread political support, which allows for some redistribution of income as well as income security for millions of households. Imposing a means-test to reduce benefits for the well-off would be seen as turning Social Security into a program for the poor. Given the historical antipathy toward "welfare" in this country, this perception could weaken Social Security over time, lead to lower benefits, and give conservatives another "welfare mess" to decry. Means-testing Social Security would also end its universal nature and make its financing system obsolete. It would be unreasonable to expect anyone to pay an employee or employer payroll tax if Social Security benefited only low-income Americans. And it should be recalled that a form of means-testing already exists, since recipients with incomes above specific thresholds must pay income tax on as much as 85 percent of their benefits.

Indeed, the singling out of Social Security benefits for special taxation is not a welcome sign. If a Ross Perot or a Madonna or a Michael Jordan pays in Social Security taxes year after year, they are as entitled to receive Social Security benefits as anyone else. If they do not need those benefits, the remedy is simple: tax all of their other income at a substantially higher rate whatever its sources. This way the twin pillars of the welfare state—social insurance and income redistribution—are preserved and reinforced. Ideally, universal coverage for medical care, child support, unemployment, disability, premature death, and retirement would be financed by progressive income taxes. "Damn it," House Speaker Tip O'Neill

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complained after passage of the 1977 tax bill that solved the Social Security "crisis" of that year, "we're the only nation in the world that doesn't use general revenue in some way for retirement benefits."

Goals for the Left: Don't Get Fooled Again

Whether the issue is Social Security, health care, or education, the aim of the left should be to pry resources and power from the grip of capital to solve all these problems. The point is not to shift funds from Social Security benefits toward needy children but directly to expand income supplements for poorer households—and public job programs for the parents of these children if need be. It is a sad commentary on the state of the left that some of its members look to "special interest" tradeoffs to address the deteriorating economic conditions of the bottom four-fifths of American households. All of the so-called financing problems of Social Security could be resolved if part of what promises to be an everlastingly bloated military budget were shifted to social purposes. More help could come from cutting "tax expenditures," or deductions and allowances for corporate health insurance, corporate pensions, mortgage interest, and state and local income taxes, all of which accrue disproportionately to affluent households and large corporations.[14] Vastly larger revenues could be generated for Social Security by eliminating the cap on the payroll tax; extending the tax to property income (dividends, interest, and rents) would bring in even more. These are the kinds of goals that should separate the left from conservatives, including Concord Coalition leaders like Peter Peterson, whose attacks on Social Security in *Facing Up* (1993) have seduced a number of people on the left.[15]

Another goal of the left, with respect to social insurance, should be to keep the spotlight on the record of "market failure" of the private pension system. After twenty years of pension reforms, beginning with the Employee Retirement Income Security Act of 1974 (ERISA), barely a third of all private-sector retirees are receiving private pensions or annu-

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ities, and the median benefit is $4,500 a year. An additional 8 percent get lump-sum payments when they retire, but half of these are $5,000 or less. Half of all workers have less than $10,000 in savings at retirement, other than their homes and cars. Fewer than one in five private-sector pensioners has ever received a cost-of-living increase, while their Social Security benefits are fully indexed for inflation.[16]

Worse is in store. Thanks to a 1981 Reagan tax ruling, private businesses are encouraged to shift from employer-paid pensions with guaranteed payout formulas (called defined-benefit programs), to 401(k) plans funded by workers through voluntary pre-tax wage and salary deductions (defined-contribution programs). The big problem with do-it-yourself retirement is that half of all year-round, full-time workers earn less than $27,000 per year, hardly enough to build a comfortable nest egg. While some employers match part of a worker's contributions to 401(k)s, most plans deny benefits to workers who are unable to contribute. Those who do contribute are given tax breaks, but they are also assuming most of the management costs and investment risks formerly borne by their employers. According to *Fortune* magazine, 401(k)s have become the butt of a joke in business circles: "What begins with F and ends in K and means screw your employees?"

Conservatives and others will reply that "government failure" must also be expected in cases like Social Security, poverty programs, and regulations of various kinds. No one will deny the element of truth in this, but the comparison with private market failure is lopsided to a fault. In most instances, government intervention comes as a reaction to disastrous private market failure—akin to shutting the barn door after the horse bolts. All income security programs, from Social Security to Aid for Families with Dependent Children to food stamps, were established in the 1930s and 1960s in response to the demonstrated inability of the free market to deal with economic breakdown and persistent poverty. In the current political climate, the fact that these programs help stabilize

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the macroeconomy and protect it against a replay of 1929-1933 drops out of sight. What counts now for the crusaders of the right is that any nonmarket institution created outside the sphere of private production and exchange relations is potentially troublesome: its operations may defy the rules of market efficiency and the just income distribution that it supposedly creates. Through Social Security, millions of people have income claims that are no longer determined by the market and controlled by private capital. This is why rightists are seizing the opportunity to lash out against Social Security, after years of uneasy coexistence with it. By contrast, the ideal "public policy" for the right is one that is an extension of market logic: it targets a specific part of the population which can be identified and treated as an exception. Welfare programs are one example, means-tested Social Security benefits could soon be another. Recipients can be officially categorized as inferior by the standards of the competitive labor market. Only their low productivity, and commensurately low earnings, qualify them for a monthly stipend that will barely pay for life's necessities, and maybe much less.

For the left, Social Security is an encroachment on the capitalist domain and must be defended as such. It should serve as a model for medical care, minimum housing allowances, and much more. These, of course, are unthinkable for the moment, but if Social Security is dismantled or substantially cut back, they will be beyond the reach of generations to follow.

NOTES

1. On the earliest stages of this attack, see the two articles on Social Security by Jacob Morris and the Editors in *Monthly Review*, February 1983.
2. For the data in this and the next paragraph, see U.S. (House) Committee on Ways and Means, *1994 Green Book*, pp. 864-65, 1155, 1158; U.S. Bureau of

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the Census CD-ROM, *Income and Poverty: 1993*. The official poverty threshold in 1993 was $8,740 for a two-person household whose head was 65 or older. With a household head under 65, the threshold was $9,728 ($14,763 for a four-person household).

3. *1995 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*, p. 3.
4. See Paul Burkett's review of Krugman's *The Age of Diminished Expectations* (1990), in *Monthly Review*, October 1992.
5. Paul Krugman, *Peddling Prosperity* (New York: Norton, 1994), p. 73
6. "'Superstar' Feldstein and His Little Mistake," *Dollars & Sense*, December 1980; "A Spectacular Debunking of Social Security Critics," *Business Week*, 22 September 1980. The *1985 Economic Report of the President*, the first one following Feldstein's departure from the Reagan Council of Economic Advisers, stated that "the net effect [of Social Security] on private saving is uncertain" (pp. 175-76).
7. Nancy Folbre, *Who Pays for the Kids? Gender and the Structures of Constraint* (New York: Routledge, 1994), p. 200; Nancy Folbre and the Center for Popular Economics, *The New Field Guide to the U.S. Economy* (New York: New Press, 1995), 5.16
8. *In These Times*, 20 February 1995, p. 5.
9. *Business Week*, 12 September 1994. On the financing of Social Security, see Robert Eisner, *The Misunderstood Economy* (Boston: Harvard Business School Press, 1994), ch. 6 and *Left Business Observer*, no. 67, December 1994.
10. *In These Times*, 7 February 1994, p. 33; *In These Times*, 7 March 1994, p. 5.
11. Sylvia Ann Hewlett, *When the Bough Breaks: The Cost of Neglecting Our Children* (New York: Basic Books, 1991), p. 141. "Market research surveys show," Hewlett indignantly adds, "that 37 percent of the elderly population regularly take foreign vacations." "Regularly" turns out to mean "within the last three years" (pp. 141 and 310). This kind of libertine behavior by people who may be enjoying their first opportunity to travel abroad after years of work (and minimal vacation time) might finally provide Feldstein with proof that Social Security undermines private saving.
12. U.S. Congressional Budget Office, *Reducing Entitlement Spending* (1994), p. 8.
13. *In These Times*, 20 February 1995, p. 5.
14. Christopher Howard, "The Hidden Side of the American Welfare State," *Political Science Quarterly*, Fall 1993.
15. On this widely touted and highly manipulative book, see the reviews by R. B. Du Boff in *Z Magazine*, June 1994, and Robert McIntyre in *The American Prospect*, Summer 1994.
16. See Karen Ferguson and Kate Blackwell, *Pensions in Crisis* (New York: Arcade Publishing, 1995).

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THE IDEOLOGY OF COMPETITVENESS

by JAMES RINEHART

The necessity of competitiveness has been hammered home by governments, corporations, and the media to the point that it is taken for granted, a fact of life that is so obvious that we unthinkingly acquiesce to its dictates. Competitiveness has been elevated to the status of a natural law, like the law of gravity, a force that is useless to question or resist. In part, the seductiveness of the term arises from its roots in the material process of economic competition. Monopolies and oligopolies notwithstanding, some degree of competition between business firms for markets and profits is an inherent element of capitalism that can be observed and measured. In contrast, competitiveness, or the ideology of competition, is used to justify the decisions and actions of firms, especially when the outcomes adversely affect some people, groups, and classes. Historically, the concept of competitiveness has been used to justify business opposition to unions, reduced hours of work, wage increases, paid vacations, health and safety regulations, antipollution laws, and so on.

In recent years competitiveness has been invoked with increasing frequency and has taken on new usages. We are led to believe that enhancing corporate or national competitiveness is in everyone's interest, a win-win game with no losers, at least in the long run. More and more, competitiveness is used as a form of blackmail.

James Rinehart teaches sociology at the University of Western Ontario in London, Canada. He is the author of *The Tyranny of Work: Alienation and the Labor Process* and a member of the CAW (Canadian Auto Workers) Research Group on CAMI. This article is based on a paper presented at Social Justice Conference, Kings College, London, Ontario, in May 1995.

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Corporations and financial capitalists threaten to withhold or relocate investment if workers refuse to grant concessions or if government regulations and spending on social programs are too great. The word now is used to justify actions that increase profitability even when firms are not facing declining markets and profits. Finally, the use of competitiveness is no longer restricted to the economic sphere. Increasingly, governments invoke the term to legitimize relaxing regulations on corporations and removing barriers to corporate profitability (most notably enshrined in free trade agreements), such as spending on unemployment compensation, health, education, and welfare.

We are told repeatedly that the drive for competitiveness is in the best interests of both employees and employers. Workers are told they must cooperate and become partners with the managers of their companies, they must pull together, do more with less, get lean and mean, to beat out the competition. Only then will their jobs be secure. In this scenario, workers in one country are pitted against those in all others. Canadian workers in one auto, chemical, or insurance company are pitted against Canadian workers in other auto, chemical, and insurance companies in a race for competitive advantage and job security.

Not long ago a rally attended by about 1,000 employees was held in a large tent outside the Ford plant in Oakville, Ontario.The company passed out refreshments and baseball caps with company logos, and managers spoke about the troubled future of the plant. The plant manager said Ford had 6.5 million excess vehicles, that the plant's Topaz and Tempo models didn't measure up to a competitor's model, the Toyota Camry, and that the Oakville plant had higher absenteeism, lower productivity, and more grievances than a sister plant in Kansas City that also produced the Topaz and Tempo. The message being conveyed—that Oakville could be shut down—was a frightening one, a possibility strengthened by these Ford workers having seen plant after plant in southern Ontario shut down, including the Mack Truck plant across

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the street. A video was shown of a small-town Pennsylvania football team that produced perennial champions. The message was clear: if you work hard enough, you too can play on a winning team. The speeches had the tone of sermons at a religious revival meeting (also traditionally held in large tents), only in Oakville salvation comes not from faith and good deeds but from working harder, doing more with less, and cooperating with management. The plant manager then made a dramatic announcement. A top manager from Kansas City had just joined the Oakville team. Everyone cheered. The former Kansas City manager appeared on stage and gave a pep talk, assuring the workers that Oakville was a winner. "Watch out, Kansas City," he yelled. "Watch out, Toyota Camry, here comes Oakville." At this point everyone jumped up, threw their hats in the air, clapped, and cheered, as loud rock and roll music with a heavy bass beat filled the tent.

Undoubtably, Ford workers in Kansas City attended the same kind of pep rally, the only difference being the enemy—Ford Oakville. This same kind of scenario is played out less obviously, but no less destructively, for workers at the community, provincial, state, national, or international levels.

While workers compete against each other in a concessions race to the bottom, corporations have found ways of avoiding or cushioning dog-eat-dog competition. Ford owns 25 percent of Mazda and has joint ventures with Volkswagon; General Motors has joint ventures with Toyota, Suzuki, and Fiat; Chrysler was allied with Mitsubishi. If you buy a Pontiac Le Mans from GM for, say, $10,000, $3,000 goes to South Korea for assembly labor; $1,750 to Japan for engines, transaxles, and electronics; $750 to Germany for styling and design; $400 to Taiwan, Singapore, and Japan for small components; $250 to England for advertising and marketing services; and $50 to Ireland and Barbados for data processing.

While workers around the world compete, it is not usually Indonesian, Philippine, or Mexican firms that compete with U.S. or Canadian firms. Instead it is often subsidiaries of General Electric, Northern Telecom, or General Motors, for

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example, located in one of these countries "competing" against their own plants in North America. Those who are most caught up in the struggle for existence are workers, not major corporations, three hundred of which now own about one-quarter of the productive assets of the world. Of the richest one hundred economies of the world, forty-seven are corporations, not nations.

What these examples suggest is that the ideology of competitiveness conveys an image that greatly exaggerates existing levels of interfirm competition among the largest players.

In Adam Smith's eighteenth century vision of economics, competition was undertaken via price cuts of goods and services. But one wonders about the advantage to consumers of competitiveness when a firm like Nike can produce sports shoes in Indonesia for a total cost of $5.60 and sell those same shoes in Europe and North America for anywhere from $70 to $135. Competitiveness now means not cheap prices but which workers, which taxpayers, which provinces, and which countries can give the most to the corporation in exchange for new investment or to insure that work does not move elsewhere.

On July 8, 1992, Toronto *Globe and Mail* business editor Terrance Corcoran praised South Carolina because it was able to lure BMW to build a new auto plant there. The bait? Cheap labor, the lowest corporate taxes in the United States, absence of unions (right-to-work state), $40 million tax dollars to upgrade a local airport, a massive infusion of tax dollars for training grants, and a state run and financed recruitment and training facility at taxpayers expense. Corcoran concluded his article with this message: "Wake up!" Even if BMW officials had looked at Ontario or other parts of Canada, what would they have found? (Needless to say, Corcoran's vision of an optimally competitive Canada hardly coincides with the kind of country that most of us would want to live in.)

Corporations threaten to withhold or relocate investment (and jobs) to whipsaw workers. They do the same with

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governments. Restrictions placed on corporations, removal of their tax breaks, increased corporate taxation, laws facilitating unionization, antiscab laws, and so on, are defined as barriers to competitiveness.

For example, in February 1995 the Ontario government announced it might consider limiting overtime in order to create jobs by spreading around the work. The corporate response was immediate (when corporations complain it is termed a response; when ordinary people complain it is called whining). GM of Canada's answer was typical: "Ultimately, it is going to have a negative effect on our bottom line. We would be working at a competitive disadvantage to our southern neighbors who have no restrictions on the amount of overtime they can work."

Invoking competitiveness worked; we heard nothing more from the New Democratic government on this matter. In the public sector, deficits and debt take on the same function as competitiveness in the private sector. Efforts to fight the debt also are justified by the argument that such action will enhance Canada's competitiveness. We have witnessed more and more cutbacks in public sector jobs and services. In the first five months of 1995, 74,000 public administration jobs (8.2 percent of the total) at the federal, provincial, and municipal levels were chopped; 20,000 more federal jobs are scheduled to disappear this year, and by 1998 the total will reach 45,000. To get a sense of the devastation, we must add to this wage freezes, back-to-work legislation, and the piece by piece dismantling of social programs. All this is undertaken to create, as they say, a level playing field that will enhance Canada's competitiveness.

Corporate profits are alleged to guarantee job security. This is dimension of the win-win thesis. Corporations have always responded to declining markets and sales by cutting back their workforces and putting pressure on employees to work harder for less. But what is new is that these same measures are being taken by highly secure and profitable companies that justify their actions by the need to remain

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competitive in the future. Corporate profitability and competitiveness do not guarantee job security. The *Wall Street Journal* reported that during the 1990-1991 recession, laid off workers were told of a "tough new world" in which global competition and technological change required constant leanness, but most employees assumed that the layoffs would stop when good times returned. They were wrong. While corporate profits soared to record levels last year, the number of job cuts approached those seen at the height of the recession. Both in 1991 (a bad year for profits) and 1994 (a good year for profits), U.S. corporations cut between 500,000 and 600,000 jobs. In April 1995, Mobile Corporation announced plans to cut 4,700 jobs, even though its first-quarter earnings had reached record levels. While workers lost their jobs, Mobile stockholders laughed all the way to the bank. Just after the cutback announcement, Mobil stock rose to a fifty-two week high. Proctor and Gamble did the same, despite soaring profits. After slashing 13,000 jobs, the P&G chairman said, "We must slim down to stay competitive." He added, "The public has come to think of corporate restructuring as a sign of trouble, but this is definitely not our situation."

Government and business spokespersons maintain that to be competitive Canada should adopt a high-tech development strategy. Since we can't compete with Third World countries on wages, we should encourage industrial growth in sectors where labor costs are a small fraction of total production costs. High-tech industry, we are told, will help restore competitiveness, relieve unemployment, and provide complex, well-paying jobs. The evidence does not bear out this optimism. First, many jobs connected with high-tech, e.g., in the semiconductor industry, electronics, etc., employ a large number of relatively unskilled (mainly women) workers doing light assembly jobs—jobs that are vulnerable to threats to move production off-shore. Second, high-tech firms are slashing their workforces as rapidly as traditional companies. Firms like AT&T, IBM, Xerox, GTE, Amertech, Apple, and other

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giants in the field are in the process of reducing their workforces by 9 to 22 percent.

Between 1988 and 1992 employment declined by nearly 20 percent in these high-tech industries in Canada: machinery; communications and electrical equipment; aircraft; office, store, and business equipment. Only in pharmaceuticals did high-tech employment grow, and ironically much of this growth was due to job guarantees given in exchange for the Canadian government's extension of patent rights on drugs (i.e., on protection against competition from the generic drug producers).

Northern Telecom is a good example not only of our dubious high-tech future but also of a win-lose situation. Nortel became a world leader not through fierce competition but through a regulated telecommunications industry that gave its parent, BellCanada, a market monopoly, which was a major consideration in the company's commitment to R&D and expansion in Canada. Nortel now operates in forty countries and is rapidly expanding its foreign (mostly nonunion) operations. In 1994 Nortel had profits of $404 million and expects profits of $550 million in 1995, yet it is making massive cutbacks in its Canadian operations. Over the past five years, the company has closed plants in St. John, New Brunswick, and London, Ontario, has put its Kingston, Ontario plant up for sale, and has planned to chop 1,000 full-time jobs from its facility in Bramalea, Ontario.

The continuous implementation of new technology, the small size of the high-tech sector to begin with, and the tendency to disperse production around the world limit high-tech employment opportunities in Canada. As micro-technology finds more and more realms of application, the most rapidly growing jobs will require little training and minimal skill. Projections to the year 2005 from the U.S. Bureau of Labor Statistics indicate that of the thirty fastest growing professions (in terms of number of job openings) only systems analysis, computer engineering, and science are directly linked to micro or high technology. The greatest demand will

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be for retail salesclerks and cashiers, truck drivers, health care workers, waiters, waitresses, cooks, janitors, and guards. Canadian and U.S. projections of job growth for the years 1983-1992 were almost identical, so this U.S. list is a good indication of what will happen in Canada over the next ten years.

These projections also reveal that Canada's high unemployment rate and so-called lack of competitiveness cannot be attributed to an undereducated, undertrained labor force. Victim blaming is rife in business circles, but we hear much less about the management- or investor-induced economic problems related to corporate takeovers and mergers, leveraged buy outs, financial speculation, risky investment in residuals, and other forms of often profitable but nonproductive investment.

As the good jobs disappear, new ones tend to be part-time, temporary, or contracted out. In April 1995 *Statistics Canada* reported a loss of 17,000 full-time jobs, but part-time employment increased by 17,000. This is simply the latest phase of a longer term trend: 46 percent of the jobs created between 1975 and 1993 were part-time, and by 1993 almost one-quarter (23 percent) of all jobs in Canada offered less than thirty hours of work a week.

Competitiveness means not only fewer full-time jobs but also that all jobs are subject to heavy work loads, constant speedup, and overtime. Recently we were warned by Massachussetts Institute of Technology researchers that in this rough and tumble world only manufacturers who adopt the production and management techniques of the Japanese, a system now known as lean production, will survive. Lean production is heralded by the MIT group as beneficial to workers and companies. Workers allegedly are well trained, multi-skilled, perform challenging jobs, and are encouraged to used their knowledge to continuously improve operations and work smarter.

Research at CAMI, a unionized General Motors–Suzuki auto assembly plant just outside London, Ontario, that uses lean production methods, has revealed a very different pic-

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ture. At CAMI, as at other lean production plants, most jobs are easily learned, highly standardized, and repetitive, with time cycles ranging from 1.5 to 3 minutes. Workers receive very little training. Much of it is ideological indoctrination, with an emphasis on cultivating the view that all employees, from the president to the production worker, constitute one big team pulling together to beat out the competition. The plant is chronically understaffed, work loads are heavy, rates of repetitive strain injuries are high, and labor-management relations are contentious—this is just skimming the surface. We concluded from our research that lean production—"the wave of the future"—is a system that strives to operate with minimal labor inputs. It is a system whose objective is to take time out of labor and labor out of production. It is a system that aspires to the elimination of all production buffers save one—workers who will toil harder and longer whenever required. In the Fall of 1992, CAMI workers, members of the Canadian Auto Workers union, struck the plant for five weeks. This first-ever strike of a North American transplant or joint venture shattered illusions about harmonious labor-management relations under Japanese production management.

What are we to conclude from these trends? Corporations and the media bombard us with the message that enhanced competitiveness is the answer to our economic woes, including unemployment. What's missing from these pronouncements is any discussion of exactly how (and when) most of us will benefit from competitiveness. Few would question the competitive capacity of Northern Telecom or Nike, but their competitiveness has not been associated with growing prosperity and employment opportunities, either in their home countries or in the Third World where many of their operations are located. As the connection between corporate success and national prosperity becomes ever more tenuous, the urgent question is competitiveness for what and for whom? Buying into competitiveness means accepting the right of big business interests to unilaterally determine our future. Competitiveness involves a race to the bottom. There

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is no end, no stopping point, no time when the corporation will say, "All right, we have reached our targets; now we can increase wages, stop chopping and overloading jobs." This means continuous rounds of cutbacks and concessions, as there will always be workers somewhere in the world who are desperate enough to work more cheaply. Former Conservative MP Donald Blenkarn candidly defined competitiveness: "The Canadian worker can either work harder for less money, or not work at all. That's what competitiveness means."

Corporations and governments ask workers to tighten their belts but rarely mention that executive compensation continues to rise, while the incomes of working people stagnate and decline. Those who ask for sacrifices, obviously enough, never impose the same on themselves. Bertolt Brecht made the point well:

> Those who take the meat from the table teach contentment. Those for whom taxes are destined demand sacrifice. Those who eat their fill speak to the hungry of wonderful times to come. Those who lead the country into the abyss call ruling too difficult for ordinary men.

Instead of buying into the ideology of competitiveness, we should be searching for ways to combat the corporate agenda, to extend democratic decision-making into all spheres of life, especially the economic sphere, and to develop peoples' intellectual and cooperative capacities. We need a peoples' agenda not a big business agenda. It has to be a process that starts at home but develops ever broader, more inclusive forms of solidarity and action. Easy to say, tough to do, but it's the only alternative.

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THE IDEOLOGY OF RUSSIA'S RULERS IN 1995: WESTERNIZERS AND EURASIANS

by VLADIMIR BILENKIN

I

As Trotsky predicted in his analysis of Soviet society sixty years ago, the rejection of a planned economy has indeed resulted in profound economic and social regression on the territory of the former Soviet Union. The theoretical power of classical Marxism has been reconfirmed at a bitter price. While remaining a nuclear superpower, Russia has been rapidly sliding into the social, economic, and cultural pattern of a Third World country. To name just the most important aspects of this process:

—In the economy: the deindustrialization and the reorientation of the national economy toward a model largely based on the export of raw materials and import of manufactured products and food, and a growing dependence on foreign capital and its international institutions.

—In the social and political structure: an immense disparity in the distribution of wealth, with the majority of the population living in poverty, and the division of the dominant structure of Russian society into comprador and nationalist sectors.

This latter division has produced two competing political-cultural formations, usually referred to as "democratic" and "nationalist." Their respective ideological cores can be

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identified as "Westernism" and "Eurasianism," since the beliefs of both ideologies are articulated and legitimized through a contrasting interpretation of Russia's historical identity and its place within the international world order. The following is a very broad critique of these ideologies and some cultural practices imposed by them, with a focus on the relation between the national and global levels of their projections.

Westernism and Eurasianism have not appeared out of the blue. Since the 1970s they have been quietly cultivated within the scholarly and literary communities closely linked to the different cliques in the party and state bureaucracies, under the close but far from hostile surveillance of the ideological departments of the CPSU and KGB. In those circles Marxist thought had become "unfashionable" long before it was officially pronounced "dead" by the former obkom secretaries [regional party bureaucrats] and literary party hacks. Since then Marxism, as the potential practical answer to both the catastrophic social reality and the ideologies such a reality generates and is reproduced by, has been driven from all positions of power and entirely abandoned and denied by the privileged intelligentsia. It may well persist broadly and deeply as the past and future enemy of the ideologies discussed below, but has no powerful organized voice today.

II

The main tenets of Russian Westernism can be summarized as follows:

—The Russian Revolution and the Soviet period were an historical aberration from the "normal" path of universal history that has its end in liberal capitalism and its institutions as they exist in the West. Hence the strategic goal is to return Russia to the "civilized family of nations," hopefully as a partner of its northern centers of power.

—In their political economy and social theory, the Westernizers have gone back to Adam Smith and his conception of the self-regulating civil society, the macroeconomics

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of the Chicago School, and, on the extreme right, to the ideas of social Darwinism. Competition and self-interest are celebrated as "natural" or "normal" (the catchwords of Russian neoliberalism) motives of social behavior that eventually benefit society as a whole. And democracy is held to be unthinkable without the dominance of the free market and private property.

In short, Russian Westernism is a vulgar reiteration of the core premises of the social philosophy that in the 1980s inspired the so-called neoconservative "revolution" in the West. In Russia, its primary function has been to provide ideological legitimation and rationalization for the first stage of capitalist restoration ("primary accumulation") and the formation of a bourgeois society with its two protagonists: capital and labor. There is also a typological similarity between Russian Westernism and Chicago School economic regimes imposed in the wake of Latin American military terror dictatorships. This parallel is ominously asserted in the neoliberals' adoration of Pinochet's Chile, which many of them see as a model for Russia.

The core social base of the neoliberal model of development includes the new merchant bourgeoisie, which benefits from the present "open door" policy; the section of the political class whose power depends upon its special relations with its Western counterparts; and above all the privileged communications and social science intelligentsia (*priviligentsia*), many of whom, since the 1970s, have served as a link between the Soviet bureaucracy and Western institutions of cultural, political, and economic power, and whose ability to benefit from their intellectual capital and established relations with the West depends on the continuation of the neoliberal model of integration. These groups represent the comprador formation within the dominant stratum.

Besides the nationalized and integrated economy (including the noncapitalist property relations that have underlain the juridical forms), a transition to the Western model of capitalism in Russia has to overcome some formidable obsta-

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cles of a cultural nature. All surviving cultural tradition presents by definition the pre-existing alternatives to market/commodity values, and in the Russian case local and premodern tradition was overlaid not by market commodification but by a Soviet counter-system that separated money from power. Hence in their cultural politics, Russian neoliberals have resorted to the massive importation of Western cultural production as an instrument of "reforming the people's consciousness." The population has been subjected to an aggressive acculturation and indoctrination in the values of consumerism and a neoconservative ideology patterned after Thatcherism and Reaganism. Imported are not just soap operas, Derrida, the sex shops, and postmodernism, but the very principle of the structuralization of cultural space into mass and "high" cultures, and the commodification of cultural production and consumption in art, education, recreation, and personal relations. While the overall effectiveness of this ideological violence may take some time to evaluate, its destructive impact, especially on the young generation, is obvious. According to recent polls taken among female high school students in Moscow, "hard-currency" prostitution is considered one of the most prestigious occupations. The money/commodity indoctrination is complemented by a new emphasis on the cult of the family, the media-promoted notion of politics as "dirty business," and the "end-of-ideology" slogan. All are intended to facilitate the radical split between the private and the public that is characteristic of late capitalist societies, and above all to impede political organization from below.

A new intellectual culture is also being created through the mechanism of importation, as the political class and the neoliberal sectors of the Russian intelligentsia, that control the media and education, have entered a period of servile apprenticeship to the centers of intellectual power in the West. Today these forces control the transplantation of Western theoretical discourses and whole disciplines of the social sciences, and filter the exchange of ideological perspectives

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between Russia and the world. The control of the priviligentsia over the selection and domestication of Western knowledge enhances the elite's power over its use and hinders its application for any decent, human social critique and practice.

III

With the rapid deterioration of social and economic conditions for the great majority in Russia, the neoliberals have come to face a growing challenge from sections of the elite that call themselves the "spiritual" or "national" opposition. While the former have accepted the Western model of "normal society," the ideologues of the opposition have turned to an obscure (and virtually unknown in the West) body of writings from the 1920s and 1930s by a group of prominent Russian émigrés known as the "Eurasians."

In their innovative rethinking of the relationship between Europe and the rest of the world, the Eurasians foreshadowed aspects of the modern postcolonial critique of Western domination. Writing in the aftermath of the First World War and the Russian Revolution, during the rise of fascism in Europe, they described Western civilization as a specific ethno-cultural phenomenon and, in fact, a dangerous aberration that relentlessly imposes its imperial domination over other ethnic groups by means of military, economic, and cultural aggression. According to their cultural anthropology, the Russians are a part of the Eurasian family of peoples whose historical existence has been governed by an entirely different value system than that of the "Roman-Germanic" Europe.[1]

Modern Eurasians have used the ideas of their predecessors to develop a highly eclectic ideology of national salvation that includes elements of ethnism, technical fetishism, and Gnostic theism. In its secularized form, their project envisions the reconstitution of the "Eurasian unity" that was lost with the dissolution of the Soviet Union, on the basis of cultural traditionalism, statism, and technological modernization. They see in countries like South Korea and Japan historical

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precedent for such development and models to emulate. The Eurasian enterprise resembles the effort of East Asian elites to clothe their model of capitalist development in so-called Confucian values.

The social base of Eurasian ethnocentrism is broader but also more diffuse than that of Russian Westernism. It includes the "red directors" of the industrial managerial class, whose power depends on the very survival of the industrial base; the agro bosses, who control the agricultural lobby; the controlling interest (often undisguisedly criminal) of the new private cartels; and the large number of middlemen, speculators, small entrepreneurs, and in general buy-sell-run types thriving in the waters of "privatization" (that is, looting), who see the bigger sharks moving in. It also includes large sections of the Soviet professional class that are disenchanted by the failure of the neoliberal reforms: the formerly privileged scientific and technical intelligentsia whose social status has been threatened by the deindustrialization of the country and the almost complete termination of state financing for scientific research and higher education. The spectrum of political parties and organizations sympathetic to Eurasian ideology extends from crypto-fascist parties to the respectable Industrial Alliance, the Union of Russian Writers, and the currently dominant element in the leadership of the largest communist party.[2] It is also important to distinguish between Great Russian nationalism and Eurasianism, as the latter is shared by representatives of different ethnic groups. Thus the president of Kazakhstan, Sultan Nazarbaev, has recently linked his plan for a Eurasian Union with the ideology of Eurasianism and called for an "integrated cultural and spiritual space." The central themes of Eurasian ideology, and their openly irrationalist basis, deserve a more detailed outline.

On a geopolitical level, the Eurasians argue that the forces of Western "mondialism" (i.e., globalism) have begun creating a new world order in which Russia and the other republics of the former Soviet Union assigned a place at the bottom of the global pyramid, their natural and human re-

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sources will be exploited for the benefit of the core capitalist countries and transnational corporations. They accuse the neoliberals of being a part of this global conspiracy by exposing the Eurasian peoples to Western political, economic, and cultural domination. The only historical alternative to this gloomy scenario for Russia is to reenter the world community as a leader of a Eurasian Union that would change the present catastrophic course of universal history now leading toward a world governed by a supranational financial oligarchy.

Such a union cannot be based on the Western model of capitalism because of its Eurocentric cultural premises, which the Eurasians define as egocentric, rationalistic, and materialistic. Instead, they call for a return to the "traditional values" that have allegedly nourished the superethnic unity of Eurasian peoples throughout the millennia of their imagined common history. Unlike the Westerners, the Eurasians are collectivists, predisposed to mythopoetic and religious forms of consciousness, and they privilege spiritual over material values. All this ethnocentric mythology is intended to prove that: (a) the part of humankind that inhabits the territory of the former Soviet Union exists according to its own laws or rationality, radically different from those in the West, and (b) to justify the Eurasian model of national capitalist development in its internal and geopolitical aspects.

The Eurasians correctly point out that the neoliberal model of transition to capitalism creates profound social divisions along class lines that may lead to civil war. As one of their leading ideologues argues, the major threat of the neoliberal reforms is that "they deepen class antagonisms and therefore provoke the emergence of class consciousness and ideological radicalism that will inevitably result in a confrontation between the left alliance of a syndicalist orientation and the right alliance of a profascist nature."[3] This and similar statements provide insight into the deeper anxieties underlying the anti-Western and occasionally anticapitalist rhetoric of the Eurasians, namely, their fear (shared by the neoliberals) that politicization of the masses may lead to what

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is presently referred to as the "second edition of the socialist revolution," which would deliver the means of production and the state into the direct control of workers' collectives.

Instead, the Eurasians propose the so-called corporate-syndicalist model of society and state built upon the principles that they derive from a motley assortment of nineteenth-century ideas borrowed from the conservative wing of the Slavophiles, Dostoevsky, and the official ideology of the Russian Empire. One model envisions a society based on a strict hierarchical order of estates (with privileges apportioned to their importance to the state) that will live in the spirit of mutual respect and brotherly harmony; the army and the security service would also form separate estates.

The economy will be dominated by supercartels that will complement rather than compete with one another. Finally, there will be a new political class of idealistic nation-minded technocrats recruited from all the estates according to merit. Together, the estates, cartels, and technocratic meritocracy will harmoniously cooperate in a strategic enterprise of super-modernization and technological breakthrough that will enable the Eurasian Union to fulfill its messianic destiny: to deliver the world from the spiritual void of mechanistic Western civilization, and to lead it into the age of "New Humanism," which apparently means a replication of the brotherly "corporate-syndicalist" state on a global scale.

Eurasianism may sound like a desperate cultural retreat to an obsolete utopia of social harmony in the midst of an exploitative and undemocratic society. But behind the bad metaphysics of the Eurasian imagination there lies a sober and perhaps viable alternative for national development—one that Samir Amin calls "the option for a realignment around the statist technocracy–national capitalism couplet."[4] Objectively, the Eurasian politics of "social harmony" seeks to suppress, or at least sufficiently alleviate, class conflict on a national scale in order to establish more favorable conditions for autocentric accumulation that would provide national capital with a competitive edge on a global level. A telling

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example of Eurasian ideology at the service of national capital is the promotional campaign of the Hermes cartel which has big interests in the oil industry and links with the highest echelons of the state bureaucracy. Hermes portrays itself as a "people's company" that defends national oil resources from transnationals and develops them "in the traditional spirit of *sobornost* [a collectivity based on everyone's mutual love in Christ] and anti-individualism."[5]

Like Russian Westernism, the Eurasian ideology is a primarily essentialist, hyper-rhetorical and performative discourse. Whereas neoliberal ideological production seeks to break up the controlling codes of social behavior and the cultural patterns of the Soviet period, and to set free the acquisitive impulse of capitalist desire and consumerism, the Eurasian project is an attempt to exploit what is left of the symbolic energies of the past in the interests of national capital. What they share is a view of the masses as an inert object of ideological indoctrination and manipulation.[6] Though in different ways, they are both profoundly anti-democratic ideologies that mystify social reality and historical process either in the secular eschatology of the neoliberal "end of history" or in the apocalyptic messianism of Eurasian ethnocentrism.

All differences granted, Westernism and Eurasianism are complementary rather than antagonistic, mutually exclusive ideologies. Indeed, the division between them is as porous and shifting as that between the comprador and nationalist sections of the new bourgeoisie and the social groups adjacent to them. What on the surface appears as a conflict between irreconcilable sociocultural paradigms is, in fact, a concerted effort to structure ideological space in a way that provides the competing elites room for political maneuver and the contestation of power contest, as well as for solidarity in the common cause of preserving their domination over the rest of society.

On an international level, even the idiosyncratic Eurasian trajectory of national development does not present a systemic challenge to global capitalism and remains well

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within its paradigm, which presently accommodates a variety of national models. The contest between the Westernizers and the Eurasians instead reflects, and in turn affects, the already existing global dynamics of cultural hegemony and fragmentation. Whereas the institutionalization of neoliberal ideology in Russia strengthens the still dominant presence of Eurocentric culture in the core of global capitalism, the Eurasian challenge facilitates the process of its cultural decentering.

IV

But what about those on the receiving end of ideological transmission, "the masses"? Do they remain but empty vessels ready to be filled with ideas, beliefs, and values that make sense to the elite? The very scope and intensity of current ideological efforts from above, and the tight control over the mass media (especially television), seem in themselves to present indirect evidence to the contrary. Another piece of evidence is the revival of vernacular Marxism at the grassroots level. Over the last few years there has been a nationwide proliferation of a small-press workers' literature: papers, leaflets, pamphlets, etc. This literature is by no means ideologically homogeneous or, so to speak, politically correct. What it tells us, however, is that the more educated sections of the Russian working class have their own "organic intellectuals" who are sophisticated enough to challenge the ideological power of the elite. Moreover, this challenge is to be reckoned with not only in the Russian arena but potentially in the global one as well.

We now look at a fairly representative example of vernacular Marxism by one of these worker intellectuals. His name is Piotr Indeev, a worker from the old-Russian city of Ryazan. In June 1994 he wrote a letter to a national newspaper, in part as follows:

> What has been happening in our country in recent years is the result of a conflict between the forces of production and the relations of production. Industrial production in our plants had approached the level that required workers educated in many areas of science to

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operate the high-tech means of production. The intellectual level of the worker had so risen that he himself became able to control the process of production and to see all the blunders of the administration. The time had come, then, to transfer the control over production to the workers. It was precisely at that moment that out of the depths of the party bureaucracy there emerged the idea that socialism is an historical dead-end, that all countries develop along the civilized capitalist path, and that only we, the Soviet people, have gone astray. The party nomenklatura and the bureaucracy latched upon this idea at once. At once they all turned into "democrats" just to keep their gravy, their control over the distribution of goods, and to live off the fat of the land.

I want to make two comments. This explanation of the counterrevolution in the Soviet Union is unmistakably a Marxist one, but certainly not of the official Soviet Marxism. The worker tells the story of his class through the Marxist paradigm of social production. The Soviet working class has created powerful and sophisticated productive forces and, in the process, it has been transformed into a class capable of taking control over production. What happened then was a preemptive strike by the nomenklatura to forestall the coming to power of the working class. The Soviet bureaucracy did not teach this sort of dialectics to its workers; they had to learn it on their own.

What separates Indeev's kind of ideology from those I have discussed before is that it reflects on its own historical conditions of possibility. It does not turn History into Nature (the laws of the market or ethnic determinism), but historicizes its own subject, the working class, and envisions its historical project within and beyond established conditions. That is why this ideology neither denies its own social determinations, nor masks them with the rhetoric of "universal human values" or the "Eurasian idea," and has the explanatory power to demystify the sudden ideological about-face of the dominant class by exposing the real social interests behind it.

The worker then calls for a general strike in order to restore the power of the soviets in its original meaning as a

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power of workers' collectives to control and organize the economic and political life in the country. This is how he proceeds to justify his project:

> Why must the people's power be in the form of the soviets? Because they are the only true expression of the historical continuity of the people's self-government in Russia, and because our people from time immemorial governed through *obschchina* [a primitive agricultural commune], village meeting, local self-government, through the Novgorod *veche* [the people's assembly of the ancient republic of Novgorod]. This genuinely Russian form of self-government was transformed into the soviets. The soviets are not the invention of the communists. The workers of Ivanovo created them. Through local soviets the power of the people worked throughout the country. It was only on the very top that the party and state bureaucracy reclaimed this power. We need to take it away from the elite and give it back to the soviets. This will assure the historical continuity in the development of our country.[7]

The worker constructs a continuous narrative of national history, but of a different kind from that of the Eurasians. Instead of totalizing this history as a socially undifferentiated telos of ethnic destiny, with its apocalyptic resolution, he selects heterogeneous and disconnected phenomena of Russian social history and out of them creates an imaginary continuity of popular democracy and an open-ended historical perspective. His narrative, then, forms the countermemory of his class and encourages its vision of workers' democracy for the future at precisely the world-historical moment when such a vision seems to have disappeared from the face of the earth.

It is by no means certain that this ideological ferment within the Russian working class will develop into nationwide political action. At present such workers remain disorganized and politically isolated, both inside the country and internationally. But given the central position of the industrial working class in Russian society, the long-due awakening of its self-consciousness may affect not only the dynamics and prospects of social struggles on the national level but, potentially, present a danger to the global system of capitalist domination.

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The sleeping giant is still dreaming. Yet in the transparent dream world of the global village, radical dreams can be infectious. The Russian workers' dream of a radical democratization in all domains of social life may yet challenge the ideological constraints of late capitalist societies and stir the political imagination of their laboring classes by offering what Habermas in the Red Year of 1968 called "a competitive model that makes the limits of state regulated capitalism ... visible to the consciousness of the currently well-integrated masses."[8]

NOTES

1. The founder of Eurasianism was N.S. Trubetskoi, better known as the leader of the Prague Linguistic Circle. His book *Europe and Mankind* (Sofia, 1920) became a manifesto of the new movement.
2. Gennady Zuiganov, chairman of the Communist Party of the Russian Federation, has written an internal document called "Looking Beyond the Horizon" that exudes the Eurasian ideology as here set out (Russia's civilization will eventually restore the Great Eurasian Union, etc.). It is summarized by the authoritative Stanislav Menshikov in his newsletter *Eurasian Commonwealth and Eastern Europe*, January 1995, pp.10-11. The "Leninist Platform" within the CPRF has challenged Zuiganov for his "nationalist deviation" but, as the latest party program adopted by the Third Congress in January 1995 shows, Zuiganov's "Eurasian" group is in control. As a telling example, the slogan "Proletarians of all Countries, Unite!" was excluded from the program—without a vote, despite opposition.
3. Sergei Kurginian, *Sed'moi stsenarij*, pt. 3 (Moscow, 1992), p. 146.
4. Samir Amin, *Delinking: Towards a Policentric World*, trans. Michael Wolfers (London: Zed Books, 1990), p. 23.
5. Valery Neverov, CEO of Hermes, "Oil and Ideology," *Pravda* 13 September, 1994.
6. In the words of the aforementioned Gennady Zuiganov: "The highest form of power is the power of conceptual, ideological programming [of the population] based on the technology of a purposeful construction of fundamental world-views and values." ("The Russian Question," *Sovetskaiia Rossiia*, 3 July, 1993.) The notions of "ideocracy" and "ideocratic" power were central to the social imagination of the early Eurasians, and logically followed from their premise that the historical existence of an Eurasian ethnos had been marked by the primacy of the cultural over the economic.
7. *Sovetskaiia Rossiia*, 4 June, 1994.
8. Jürgen Habermas, "Some Conditions for Revolutionizing Late Capitalist Societies" [1968] in *Ideology and Power in the Age of Lenin in Ruins*, eds. A. and M. Kroker (New York, 1991), p. 45.

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THE CURRENT STRUGGLE FOR PHILIPPINE SOVEREIGNTY

by DANIEL B. SCHIRMER

Philippine–U.S. relations appear to be on the verge of a radical and retrogressive shift—reinstating the U.S. military dominance of the island nation after it had been seriously challenged by the Senate's defeat of the bases treaty in 1991 and returning the Philippines once again to a limited role on the world stage as Washington's military subordinate, a position it was first thrust into during U.S. colonization nearly one hundred years ago.

The Pentagon's push to reassert its military domination of the Philippines is in line with its program to maintain the United States as a military superpower, capable of fighting two major regional conflicts (previously projected as a Korean and Mideastern war) at the same time.

The pivot of this threatening reversion is an "Acquisition and Cross-Servicing Agreement" (ACSA from here on) currently under discussion. ACSA appears to be a decisive escalation of a process opened up in November 1992, when the Pentagon began an attempt to recoup its loss of 1991 through an arrangement giving the United States military access to Philippine ports, airfields, and military installations.

The arrangement of 1992 took the form of an agreement between the executives of the two countries. Prior to the Philippine constitution of 1987, arrangements for U.S. bases had also taken this form. But the post-Marcos constitution, as a result of nationalist pressures, had mandated that no foreign

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military presence could occur in the Philippines except as a result of a treaty passed by a two-thirds vote of the Senate. Despite its dubious constitutionality, the access agreement, according to its Philippine and U.S. supporters, derived legitimacy from a Philippine–U.S. Mutual Defense Treaty of 1951, a relic of the Cold War. It was during a meeting of the Mutual Defense Board, a body of Philippine and U.S. military officials set up under the treaty, that the access agreement of 1992 was made public.

When it was first announced to the press in November of that year, Admiral Charles R. Larson, then commander of the U.S. Pacific Fleet, described the agreement in very modest terms, as if to allay the anxieties of Philippine nationalists. It would, he said, amount to nothing more than "ship visits, aircraft transits, and small unit exercises." In the same understated manner, U.S. officials in the Philippines suggested tentatively that they might "eventually win a broader military agreement with the Philippines." Meanwhile they expressed satisfaction that under the agreement just concluded the United States could "continue to use Philippine facilities in a fairly liberal manner, without going through another crisis with the Philippine legislature." These officials failed to note, however, that in avoiding the legislature, they also by-passed the Philippine constitution.

The ACSA of 1994 seems to be the "broader military agreement" U.S. officials had earlier hoped for, judging from the text of its first draft as published in the *Manila Times* on November 25, 1994. According to its terms, the Philippine military is to provide "logistics support, supplies and services" to the military of the United States, and in return the military of the United States is to provide the same to the military of the Philippines. It defines "logistics support, supplies and services" to mean:

> Food, billeting, transportation, petroleum, oils, lubricants, clothing, communications services, medical services, ammunition, base operations support (and construction incident thereto), storage services,

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use of facilities, training services, spare parts and components, repairs and maintenance service, and airport and seaport service.

Leaving out of consideration the services involved in supporting 14,000 U.S. troops previously assigned to Clark and Subic, the above list reads like a fairly complete catalog of the "logistics support, supplies and services" formerly provided the U.S. military by the U.S. bases in the Philippines.

Involvement in the Superpower's Wars

There is, however, one function of the U.S. bases that is not included in this list: that of serving as a jumping off point for U.S. military intervention in the Asia-Pacific region. Because of its strategic central location in Asia, the Philippines has served as a staging area or source of supply for U.S. military interventions in the region for nearly one hundred years: from the intervention of 1900 in China to that of 1918 in Soviet Russia, from those of the 1950s, 1960s, and 1970s in Korea and Vietnam, to that of the 1990's in the Gulf War. (These are only the major interventions; there have been many minor ones as well.)

In 1945, as the United States was preparing to reestablish its military presence in the Philippines after the Japanese occupation of World War II, the U.S. Joint Chiefs of Staff wrote: "The United States bases in the Philippines should be considered not merely as outposts, but as springboards from which the United States armed forces may be projected." These words define the U.S. military's chief interest in the Philippines in the past, the present, and the foreseeable future.

The terms of ACSA clearly and definitely bind the Philippines to giving continued service to the United States during wars and interventions in the Asia-Pacific region, as is spelled out in Clause I, Applicability, section 1:

This Agreement is designed to facilitate reciprocal logistics support between the Parties to be primarily during continued exercises, training, deployments, operations, or other cooperative efforts, *and*

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for unforeseen circumstances or exigencies mandated by the Treaty in which the recipient may have need of Logistics Support, Supplies and Services. (Emphasis added.)

The Philippine–U.S. Treaty of Mutual Defense, to which this clause refers, mandates that each country shall come to the defense of the other in case of armed attack upon the territory or armed forces of either in the Pacific region. (In Pentagon eyes, however, this is evidently a one-way proposition: when Philippine political leaders suggested that the treaty implied U.S. support for Philippine claims to the much disputed Spratly Islands, U.S. officials quickly denied this to be the case.)

Lest there be any mistake as to what "exigencies" refers to, on three separate occasions the agreement defines how it will operate "during times of active hostilities." For example, the agreement sets a "monetary limitation" on the amount the military of either country may spend in payment of services rendered and supplies acquired. But it goes on to declare: "Annual monetary limitations do not apply during jointly declared periods of active hostilities."

It was Admiral Larson who first gave public notice that the Pentagon was reestablishing, via access, its former use of the Philippines as a springboard for U.S. power projection in the Asia-Pacific region. He revealed this at a press conference following a meeting of the Mutual Defense Board in June 1993. Ms. C.M.Q. Moreno, managing editor of San Francisco's *Philippine News*, wrote an account of this press conference that appeared in the paper for the week of June 16-23, 1993. At a later date Philippine Defense Minister General Renato de Villa was to say that the U.S. military had initiated ACSA at a meeting of the Mutual Defense Board in 1993. While not explicitly identifying it as such, the *Philippine News* story indicated that ACSA originated at this June meeting.

Ms. Moreno wrote that the meeting had projected a new Philippine-U.S. "security alliance," posing the matter in these terms: "The United States military bases in the Philippines may have closed down, but the American military presence in

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the archipelago is likely to continue, if plans being mulled by a Filipino-American panel materialize." The remarks of former Philippine Foreign Secretary Roberto Romulo, who attended, described the meeting in the same way. He stressed the importance to regional security of "military-to-military interaction," and said, "This meeting marks the starting point of fresh and soon to become intensive engagement between our two countries." For his part, Admiral Larson took note of "brewing conflicts" in the Mideast and Korea and said that Washington was prepared to send troops to both places. Then the Admiral declared: "The Philippines may be used as a staging area for U.S. military operations should the U.S. initiate involvement in those areas."

Heightened Opposition to ACSA

The access agreement of November 1992 had evoked outspoken opposition. In November 1994, two years later, when U.S. Ambassador to the Philippines John Negroponte announced ACSA and the renewal of U.S. ship visits for supplies and repairs, the negative response was even more emphatic and widespread. Leaders of the Philippine Senate, including the chairmen of the committees of defense and foreign affairs, condemned ACSA as unconstitutional, as did prominent members of the House of Representatives; several newspapers took up the cry, and street demonstrations occurred during President Clinton's November visit to Manila. Opposition intensified when the *Manila Times* printed the draft of the agreement (a document the Pentagon considered classified). Discussion took place over the provisions relating to the commitment of the Philippines and its military to support U.S. wars of intervention and the storage of U.S. weapons on Philippine soil.

Ambassador Negroponte had said the agreement would be signed at the meeting of the Mutual Defense Board in December. But when the meeting took place, the U.S. military thought it best to put off any discussion of ACSA "until the controversy over the proposed accord passes."

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The proposed escalation of U.S. access in the Philippines represented by ACSA led the Philippine opposition to sharpen the political thrust of its attack. Opponents of ACSA now identified the Philippine-U.S. Mutual Defense Treaty as the root of the matter and called for its abrogation.

Access policy in the Philippines had been connected with the Mutual Defense Treaty from the very beginning. Out of the November 1992 meeting of the Mutual Defense Board that established this policy came not only Admiral Larson with his projection of ship visits, etc., but also a press release explaining the background of the new development. Noting the "cooperation arrangements" that were to replace the bases, this release said, "...the MDT (Mutual Defense Treaty) and the MDB (Mutual Defense Board) are expected ... to provide an effective framework and forum for coordinating military-to-military activities between the two allies."

The bases had been established in 1947 and soon took their place as important installations in carrying out U.S. Cold War policies in Asia. It was on the groundwork of the bases that the Mutual Defense Treaty was established in 1951. Now with the bases gone, the relationship was reversed, and the Mutual Defense Treaty was serving as a foundation for the reestablishment of the U.S. military presence in the Philippines.

As discussion of ACSA had developed, it was Ambassador Negroponte who brought forward the key role of the Mutual Defense Treaty. In the spring of 1994 Richard Gordon, former mayor of Olongapo, the city adjacent to Subic Base, had suggested that the United States was about to send warships to Subic again for repairs and supplies. Negroponte denied this categorically. (According to General de Villa, however, the U.S. military had indeed proposed ACSA to the Mutual Defense Board in 1993.) What was really happening, said the ambassador, was the occasional visit of a U.S. warship to a Philippine port as sanctioned by the Mutual Defense Treaty.

Senator Wigberto Tanada and Representative Bonifacio Gillego, Congressional leaders who had formerly opposed

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both U.S. bases and access policy, condemned the ship visits announced by Gordon as unconstitutional. They answered Negroponte by calling for the abrogation of the Mutual Defense Treaty. This treaty, said Gillego, "was no longer in keeping with the desire of the people of the Asia-Pacific region to work out a demilitarized and denuclearized region."

Then in November, after Negroponte's announcement of ACSA and his acknowledgment of ship visits for repair and refueling, the spring protests of Tanada and Gillego were verified, and their call for treaty abrogation taken up by others.

An editorial in the *Philippine Daily Inquirer* of November 23 questioned the validity of the Mutual Defense Treaty, making the Philippines "the only Southeast nation that has a residual mutual defense treaty with the US." In addition, argued the editorial, "the treaty is serving as the vehicle in which new security schemes are being processed and percolated." As if to prove the editorial's point, the publication of its text two days later made clear ACSA's dependence on the Mutual Defense Treaty. In its opening sentence the draft asserted: "This agreement is executed in pursuance of the spirit and intent of the Mutual Defense Treaty."

By the time of the December meeting of the Mutual Defense Board, the Nuclear Free Philippines Coalition, the spearhead of the opposition, had come to an important conclusion about these matters and driven the point home in a statement published by the *Manila Chronicle* on December 17:

> The Nuclear Free Philippines Coalition called yesterday for the abrogation of the 43-year-old Mutual Defense Treaty with the US to prevent once and for all any attempt by the United States to stockpile lethal weapons within Philippine territory.

University of the Philippine's Prof. Roland Simbulan, chairman of the coalition, said that with the treaty in place, the United States can always resurrect proposals to station troops and install equipment in the Philippines.

Proponents of constitutional restoration and opponents of ACSA had often advocated submitting ACSA to the Senate

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as a treaty, where it could be voted down. This, as Professor Simbulan saw it, would serve only as a temporary remedy; nullification of the Mutual Defense Treaty would be permanent.

Looking to the Future

Senator Tanada and Representative Gillego had called for the abrogation of the Mutual Defense Treaty because it was no longer in keeping with conditions in post-Cold War Asia. Why Filipinos may believe this to be the case was suggested by a November statement by Malaysian Prime Minister Mohammed Mahathir (widely quoted in the Philippine press) condemning a U.S. proposal to pre-position six ships laden with heavy war material off the coast of Thailand: "We don't feel there is a need for such a base in Southeast Asia, because we don't feel threatened by China or Japan. There is no tension in our region, no enemies, no fear.... why should we create it?"

In such circumstances, Filipinos who want to see their country's constitution and sovereignty restored may feel free to take the course suggested by the Nuclear Free Philippines Coalition, conscious that it can be followed to the end with no harm to their nation, but with solid benefit instead.

In March the Nuclear Free Philippines held its annual general assembly. According to reports from Manila, the conference was attended by over one hundred representatives from the fifty or more organizations that make up the coalition, ranging from members of a Catholic anti-abortion group on the right to representatives of the Philippine left. Lively and spirited, the conference went on record in opposition to ACSA and in support of the abrogation of the Mutual Defense Treaty.

As far as the other signatory is concerned, the elimination of the Philippines–U.S. Mutual Defense Treaty would bring discomfort only to a very small minority in the United States—the arms manufacturers and high military officials whose profits and careers depend on massive military budgets,

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and who for this reason work to keep the interventionist attitudes, structures, and military dispositions of the Cold War in place.

A move against the Mutual Defense Treaty on the part of the Philippine people would be consonant with the needs and desires of the great majority of the people of the United States. For them the huge military budgets held over from the Cold War stand in the way of the satisfaction of their needs for jobs and housing, for health care and education.

There appear to be grounds for the opponents of ACSA to face the future with some confidence. It would be difficult to say the same of ACSA's supporters. Their policy is evidently to sit tight and wait "until the controversy over the proposed accord passes." Past experience, however, casts doubt on whether what they look forward to will come about. In the two years since the United States has imposed its access policy on the Philippines, the trend has been the opposite; the resistance has grown rather than diminished. A more realistic outlook is suggested by an editorial, "Re-inventing the Bases," in the *Philippine Daily Inquirer* of November 23:

> As far as the Philippines is concerned, any arrangement that re-instates the bases in Philippine waters or on land in whatever euphemism they are labelled is unacceptable. What should be clear to the US is that among America's Cold War allies, it is only the Philippines that decided to end the bases and that anti-bases sentiment still runs deeply and strongly.

Visit Vietnam with *Monthly Review*

As not enough people were able to commit to the Winter 1995 trip, we are able, with the cooperation of the Vietnamese Office of Tourism, to offer the same trip leaving April 27 and returning May 9, 1996. This will put the group in Hanoi for May Day which should be exciting. Please let us know if the change in dates works out for you and if you are still interested. With the recent changes in U.S. policy it would seem a wonderful time to be going!

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"Power Concedes Nothing without a Demand"

by Arthur MacEwan

Along Freedom Road: Hyde County, North Carolina, And The Fate Of The Black Schools In The South by David S. Cecelski, Chapel Hill and London: The University of North Carolina Press, 1994. 235pp., $14.95

Hyde County is a rural and poor section of North Carolina, lying along the state's Atlantic coast. At the time of *Brown v. Board of Education*, fewer than 7,000 people—about half African American—lived in the county, as its population had dwindled along with economic decline. Median family income in Hyde County was only $914 in 1950, less than half of the North Carolina median and not even one-third of that for the nation.

Brown v. Board of Education did not change much in Hyde County, at least not right away. Despite highly publicized cases such as the desegregation of Little Rock's Central High School in 1956, in the decade following the Supreme Court's monumental decision formally segregated schools remained the reality for most Southern children. (In the North, segregation was also the reality, but formally the schools were integrated.)

In the mid-1960s, however, several factors combined to push desegregation forward: the civil rights movement was challenging almost every aspect of the old order in the South; the federal government was taking an increasingly active role in civil rights, and Title VI of the Civil Rights Act of 1964, which banned racial discrim-

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ination in federally supported programs, gave Washington a lever to pry open the doors of segregated schools; efforts by Southern white authorities to derail, delay, and divert desegregation through various legal maneuvers had largely played themselves out. Thus, in the latter half of the 1960s, school desegregation began in Hyde County.

At that point, the events that make up the central story of David Cecelski's *Along Freedom Road* also began. Cecelski's story makes clear what should have been clear all along, namely that school desegregation was not (and is not) one thing. What it is makes a tremendous difference to the well-being of the people involved and to the whole educational enterprise.

Brown v. Board of Education was a tremendous victory for the civil rights movement, and the actual integration of schools was achieved through years of further struggle. Yet this great victory also involved great costs, as desegregation was often implemented in ways that undermined black communities and made black children outsiders in their new schools. Hyde County was one of a small number of exceptions, and, as is so often the case in stories of exceptions, Cecelski's tale is enlightening and extremely valuable.

"With their own hands"

Not all poor people and oppressed groups in our country's history have embraced the educational system. In mid-19th century Massachusetts, for example, many working class, poor Irish viewed the growing school system with hostility. It was, perhaps, a sensible reaction, a reasonable counterpoint to the Yankee elite's very explicit view of pubic education as a way to "civilize" the Irish and make them less troublesome in workplaces and on the streets.

For African Americans, however, denial of education had been one link in the chain of their enslavement. After emancipation, white authorities denied educational resources to the black community as a powerful weapon to keep black folks in their place. As late as 1931, throughout the South per pupil spending on white students was three times that for blacks.

Against this backdrop, it is easy to understand why African Americans have widely viewed schooling as a vehicle to move along the road to freedom. And against this backdrop, the black community in Hyde County, like black communities elsewhere in the South, built its schools:

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By 1872, black residents had already built several one-room schoolhouses. They supported sixteen schools by 1886, twenty by 1896. They cleared the land and erected the buildings with their own hands and somehow found money enough to supplement a teacher's salary and purchase a slate for most children ....

Hyde County blacks, like blacks throughout the South, bore a "double taxation," paying taxes that supported the white schools and contributing cash, land, and labor for their own schools. These local schools, which numbered as many as forty by the 1930s, were focal points for community activities, serving as sites of parties, assemblies, and church functions.

Beginning in 1949, consolidation of the county's school system then concentrated community involvement in a few centers. Ironically, consolidation, as well as a substantial physical improvement of the black schools, was in large part a result of efforts by white authorities to avoid desegregation by providing more funds to black institutions. By 1964, the small schools had been merged into two modern buildings—the Davis School in Engelhard and the O. A. Peay School near Swan Quarter—that had enough space for every black child in the county for a full twelve years.

Each of these schools had its own continuous history which tied it closely to the community. When, for example, the Peay School was relocated to Job's Corner in 1952, the black community provided the land and raised funds for the playground, athletic and laboratory equipment, books, cafeteria furniture, a new kitchen stove, and gymnasium curtains. In the case of the Peay School (originally the Hyde County Training School, HCTS, and later named after its founder and principal from 1930 to 1960), the story of the alumni association founded in the early 1950s reflects the strong ties between school and community:

The HCTS alumni first organized chapters locally and in Brooklyn, New York, where black Hyde Countians had been migrating in large numbers for generations. As more graduates moved north, they also organized chapters in several other Eastern Seaboard cities. The alumni chapters held local fund-raisers and reunions to support the school and the children 'back home.' Their members identified job and educational opportunities for HCTS students, and they often oriented recent graduates to new homes in Washington, Philadelphia, or Brooklyn ... By the 1960s, the Alumni Homecoming had become the biggest social and cultural event in Hyde County. Every Memorial Day weekend, busloads of former classmates and educators returned home from across the nation to celebrate their achievements, the promise of the new students, and the tradition of struggle personified by the school.

At the request of black citizens, the school board renamed the Hyde County Training School in honor of O. A. Peay after his death in 1963.

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Under his leadership, the school had survived and become a nucleus of the black community despite terrible underfunding, racial discrimination, and official neglect. By 1968, the O. A. Peay School was a source of inestimable pride to Hyde County blacks and symbolized their aspirations for education and racial advancement. Though the institution was obviously under the formal authority of the Hyde County Board of Education, black citizens believed that, in the most meaningful sense, the O. A. Peay School belonged to them.

"A remarkable and pivotally important accomplishment..."

In the early summer of 1968, the Hyde County school board approved a desegregation plan for the county. The Davis and Peay schools would be closed and the buildings used for other purposes. The plan would transfer all black students to the one large white school, Mattamuskeet, over a two year period.

On July 3, the Office of Civil Rights of the Department of Health, Education and Welfare, accepted the plan and informed the North Carolina Department of Public Instruction that Hyde County's school district could again receive federal funds. The denial of federal funds by HEW had been the immediate key factor forcing the school board to act. Cecelski comments:

> The school desegregation plan finally approved by the Hyde County Board of Education, HEW, and state officials differed in no significant way from the majority of such plans elsewhere in North Carolina and other southern states. School desegregation was a remarkable and pivotally important accomplishment for the civil rights movement, but it did not merge black and white schools so much as obliterate the black schools.

What did differ from elsewhere was the reaction of Hyde County's black community. It was not their outrage that made Hyde County's black community exceptional. What they were able to do with that outrage over the next year was unusual.

In the weeks before school began, blacks in Hyde County organized themselves. They met. They talked. They got outside help. They tried to negotiate with the school board, but the board would not budge from its plan. With other options closed off to them, the black community decided to boycott the schools.

For the entire 1968-69 school year, the great majority of black children in Hyde County did not go to school, not to the Mattamuskeet school nor to the Peay and Davis schools. They backed the boycott with a wide range of activities in their effort to put pressure on the authorities: mass meetings, daily marches to the

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county seat, sit-ins at the school board offices, marches to the state capital in Raleigh.

The experiences of the Hyde County movement during that year, which Cecelski so effectively relates, shared common elements with other struggles of the era. The movement energized an entire community, as sometimes half the county's black population turned out for mass meetings. It educated young people in a whole new way, through the movement schools that it established and especially through the intense involvement of young people in planning and implementing movement actions. Hyde County blacks challenged authority by resisting the decisions of the white officials and by their willingness to confront reprisals and repression; this spirit was summed up in the action of one 13-year-old girl who, as the state police were leading her friends off to jail after one demonstration, rushed to catch up and called out: "Hey, wait for me, Mr. Trooper, I want to be arrested too!"

The movement had its downs as well as its ups. There were divisions in the black community, as some established leaders of the NAACP sent their children to school and resented the boycott as a conflict with their long struggle for integration. Black teachers, under the threat of losing their jobs if they did otherwise, continued to appear at classes and could not show open support for the movement. Outside support was hard to sustain. A poor, backwater county could not attract much attention from the national media, though confrontational tactics that led to jailings did bring the media in for short periods. The Southern Christian Leadership Conference (SCLC) did provide crucial support, but often stopped short of giving the local movement the resources and attention it requested. During the bleak winter months, it became difficult to sustain action. A first march on Raleigh in February was effective, but a second in April lost its focus and was not able to attract substantial attention. Perhaps the low point of the year came when Lucy Howard and Clara Beckworth, two young activists from Hyde County who had been travelling through the state to organize support, died in an automobile accident.

But the boycott survived in force through the year. It sustained itself by branching out in the spring to other aspects of the civil rights struggle, including voter registration, community self-help projects, and labor organizing. When the summer of 1969 came, the movement was still strong.

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"Don't come down here telling us what we cannot do"

The Hyde County movement in that year produced its share of heroes. One was Golden Frinks, the North Carolina SCLC organizer who in August 1968 was brought in by the embryonic movement in Hyde County to help develop the struggle. At his first meeting with the local group, Frinks was pessimistic. "He was reluctant to encourage them or make commitments ... His words were discouraging." But another hero was Letha Selby:

> After listening to Frinks endeavor to lower their expectations, the elderly woman in front of him rose slowly to her feet aided by the person next to her. Letha Selby was seventy-eight years old and commanded respect in Hyde County. Ms. Letha, as she was known, had taught in local black schools for more than forty years ... The church sat silent before her.
>
> Pointing her cane directly at Frinks, Letha Selby admonished him angrily. 'Listen here,' she told him, 'don't come down here telling us what we cannot do.' She did not have to look behind her to know that she spoke for everyone in the church. 'You tell us what you want us to do so that we will get our schools back,' she demanded. 'That is what we want.' Stunned by her fury and conviction, Frinks ... began to take the meeting more seriously.

Blacks in Hyde County did get their schools back. By the end of the 1968-69 school year, the superintendent of schools who had led the formulation of the racist desegregation plan and two members of the school board left office. New personnel made change possible, and state officials, fearing that the Hyde County example would spread, were pressing local authorities to find a settlement. Still, the school board would not directly accede to black demands. Instead, they proposed "Plan 1," which would enlarge the Mattamuskeet school to accommodate the influx of black students. But "Plan 1," because it would require a bond issue as well as a higher tax rate, would have to be approved by the electorate. If the electorate rejected the bond issue, the school board was willing to go with "Plan 2," which would utilize the Davis and Peay schools for white and black children in the lower grades and Mattamuskeet as the unified county high school.

Black activists were skeptical of settling the matter with a bond issue vote that would take place in November. Whites made up some 75 percent of the county's electorate, and no one was confident how the vote would come out. Under extreme pressure to call off the boycott and let 1969-70 classes begin without incident, the black community decided to acquiesce. The boycott could begin again if the electorate opted for "Plan 1."

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On November 5, 1969, the electorate of Hyde County voted by a four to one margin to reject the bond issue. "Plan 2" had won. The black schools would not be closed, and the county would have a fully integrated school system.

In the years that followed the successful struggle to save the black schools in Hyde County, economic decline continued and poverty dominated the lives of most of the region's African Americans and many whites as well. Cecelski frankly reports:

> ...blacks still face enormous obstacles to true racial equality. Neither the school boycott nor civil rights legislation has altered the historical disparity in landownership and wealth that has remained the root cause of black poverty and powerlessness. Those tenacious inequalities have left many black citizens at the edge of economic despair and have sustained subtle vestiges of Jim Crow to the present day.

This reality, however, does not diminish either the victory of 1969 or the positive legacy it left in the county's schools. Integration of Hyde County's schools did move ahead in a relatively successful manner. The Peay and Davis schools, while including new white pupils and winning praise for quality from parents and state educational officials, retained their rich heritages. At Mattamuskeet a "Student Planning Committee" composed of equal numbers of white and black students, including many school boycott activists, advised authorities through the subsequent years.

> [The Committee] lay vital groundwork to bring the two races together at the Mattamuskeet School. With the support of their fellow students and the school administration, for example, the committee ... required all candidates for student body offices to have running mates of another race.... Similarly, the committee members structured the yearbook and many other extracurricular activities to assure equal black and white participation...Today white school boosters support black sports stars and class valedictorians at the Mattamuskeet School.

Who owns the schools?

The struggle to save the black schools in Hyde County was by any reasonable measure a great success. By telling the story so well, David Cecelski has done an honor to those who fought the battle, and he has provided the rest of us with an inspiration.

But *Along Freedom Road* does more. The book implicitly offers some powerful insights on current problems in the country's schools. Consider, in particular, what education was like for black students in most regions, North and South, who were made to bear the burden of desegregation (as well as the burden of segregation).

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Unlike the people of Hyde County who believed "that, in the most meaningful sense," their schools "belonged to them," these students knew that their schools "belonged" to someone else.

This problem of students' alienation from their schools goes beyond the issues of desegregation and race, as great as those issues have been for the United States. In the large schools that have become increasingly characteristic of both urban and suburban settings, there are minimal opportunities for students and communities to feel that they "own" their schools. In the last half century, average enrollment in elementary and secondary schools rose from 127 to 653, and the average number of students per school district increased tenfold. At least one recent statistical study shows a clear negative correlation between the size of schools and academic performance of students, and between the size of school districts and performance.

Reading the Hyde County story, we could easily respond to the problems of large schools and large school systems by romanticizing rural communities, by longing for some lost bucolic bliss. To do so, however, would be to misread *Along Freedom Road.* One side of Cecelski's story is the strong community, but another side is racism and economic repression. While the successes of black schools need to be recognized, they were still very limited, if not crippled, by racism. Moreover, the local community of black people, however valiant and dedicated, would not have been able even to begin the struggle to save and integrate their schools, let alone win it, without outside connections. The larger civil rights struggle, which spanned the nation, was the foundation out of which the Hyde County struggle grew, and the specific inputs of the federal government and the SCLC played crucial roles.

No, the story of Hyde County should not lead us to long for insular communities. In any case, there is no likelihood that we could create the homogeneity and intimacy of 1968 Hyde County black society out of the social fabric that we face in the United States of 1995. Yet there are some lessons to be learned from Hyde County, no less important because they are so simple.

One of these lessons is size. Large schools and large school districts create an alienated student body. Students who do not feel the schools belong to them most often feel that they do not belong in the schools. There are few success stories in public schools that do not include small administrative units as a central factor. Small administrative units, however, do not mean insular systems, broken off from larger political units. They do mean a decentralization of authority within those larger political units.

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Another lesson is to be found in connections to the society outside the schools. Fund raisers and active Parent Teacher Organizations are parts of all good schools, whether in the rural poverty of Hyde County, the relative affluence of middle America's suburbia, or the heterogeneous environment of urban centers. Without the sort of "natural" community that exists in a Hyde County, connections between schools and the external society need more attention and conscious nurturing. Many school reform programs today call for parent and community councils to take an active part in running the schools. Some of these reform programs have no substance and ignore the fact that in today's economic environment few people have time to devote to running the school. Yet, if we want the schools to "belong" to the community and to the students, we have no choice but to find ways to build these connections. For starters, it is necessary to employ people to build and maintain ties to the community. School reform cannot be had on the cheap.

In the country, as in Hyde County, the reality of economic life places great constraints on what can be accomplished in the schools. Social and economic inequality and businesses' demands for a disciplined workforce dictate a great deal about the structure of the schools. But both Hyde County and other local stories make it clear that victories can be won in the schools. Perhaps through the schools, larger victories in society can also be won.

The ultimate lesson of *Along Freedom Road* is that progressive change is possible if it is built through popular struggle. There is no more fitting summary of that lesson from the Hyde County story than Frederick Douglass' famous statement:

> If there is no struggle there is no progress. Those who profess to favor freedom and yet deprecate agitation are men who want crops without plowing up the ground. They want rain without thunder and lightning. They want the ocean without the awful roar of its many waters. This struggle may be a moral one; or it may be physical; but it must be a struggle. Power concedes nothing without a demand. It never did and it never will.

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Abbie Hoffman and a Troubled Democracy

by Gene Fellner

Run, Run, Run: The Lives of Abbie Hoffman by Jack Hoffman and Daniel Simon. New York: G.P. Putnam's Sons, 1994. $22.95

The midterm elections this past November were significant for two reasons. First, they captured the utter distrust and disillusionment that the voting public has with government. Second, they manifested the separation that exists between U.S. ideals and reality, between what U.S. citizens say they stand for and what they vote for. As a result, some dangerous clowns who claim to be patriots but who are exclusionary, antidemocratic, and religiously reactionary were catapulted into positions of power.

Possibly more than any other revolutionary of than 1960s and 1970s in the United States, Abbie Hoffman exposed the great gap that existed between the perception of the United States and its reality—the claim to represent democratic ideals against exclusion, racism, and censorship. It was Abbie—white, middle class, and Jewish—who demonstrated over and over again, through his persistent practice of democracy, that the system that boasted to be the most democratic in the world was anything but. Abbie, of course, was not alone. Thousands of other leftist contemporaries suffered imprisonment and were victims of police brutality for practicing

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their constitutional right to protest, but Abbie brought something special to the movement. He was funny, brilliant, theatrical, and nonviolent. Whereas the Panthers frightened the establishment with their militant talk, Abbie frightened them with his humor, wit, and style. Much of the irreverence and confrontational style that the left, and especially the gay movement, uses today can be traced to Abbie's tactics, and the current distrust of government can be traced to the movement that Abbie helped create. If Nixon's claim to greatness was that he proved to the citizenry what a despicable and dishonest group of thugs determine U.S. policies, Abbie, one of Nixon's nemeses, helped thrust that greatness upon him.

Run, Run, Run: The Lives of Abbie Hoffman by Jack Hoffman, Abbie's brother, and Daniel Simon, co-founder and co-publisher of Four Walls Eight Windows, traces Abbie's life from his youth through his founding of the Yippies!, the Chicago Seven trial, his life underground after a coke bust, and his later resurfacing as Barry Freed, a spectacular and successful community organizer. It also covers Abbie's final desperate days, which ended with his suicidekdue, according to the authors, to "manic-depression" aggravated by disillusionment and frustration. Abbie is shown at his best and his worst. He is revealed to be egocentric, media hungry, often obnoxious, irresponsible toward his ex-wives and his children, and abusive to members of his family, especially his brother Jack—the narrator of *Run, Run, Run,* who lives in Abbie's shadow. But the criticism that Abbie was nothing more than a self-aggrandizing clown with no real political commitment should be decidedly buried by *Run, Run, Run,* which convincingly testifies to the fact that Abbie was deeply committed to revolutionary change.

Abbie's brilliance as a political organizer surfaced in 1963, when at the age of twenty-seven he helped organize a NAACP chapter in his hometown of Worcester, Massachusetts. Already he displayed the optimistic spirit and panache that were to be his lifelong trademark. The FBI put its first wiretap on Abbie's line when he went to Jackson, Mississippi in 1965 to join SNCC (Student Nonviolent Coordinating Committee). When in 1966 SNCC, under the direction of Stokely Carmichael, decided to exclude whites, Abbie wrote in an article for the *Village Voice,*

> I feel recent SNCC decisions have hurt the chances of seeking the radical kinds of changes in this system which most of the New Left seeks. It has turned its back on the concept of class struggle... and instead substituted a racism that even Malcolm X in his last few months had turned his back on.... I am interested in fundamental changes in American society ... [but] as

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long as Stokely says he doesn't trust any white people, I personally can't trust him.

There is nothing frivolous in these words. Here is Abbie at the beginning of his "career"—direct, confrontational, and able to grab the essence of an issue that continues to haunt leftist organizing. At the same time, Abbie understood that revolution was something that one not only fought for but lived, and that it had to be exciting and fun in order to contrast with the monotonous lives that so many were living. On June 1, 1967, he organized a "Be-In" in Central Park:

> Everybody high on something: balloons, acid, bananas, kids, sky, flowers, dancing, kissing. I had a ball—totally zonked.... Leaving the park, I strolled down Fifth Avenue singing "In your Easter Bonnet...." A line of cops [outside of St. Patrick's Cathedral] wiggled their index fingers, [saying] "You can't go in with that uniform" (flowers, gold paint, Easter bunny). Why not officer, you can go in with yours.... ?

Yes, Abbie was clowning around but he had a serious point to make. His antics often seemed crazy to the public—as when he threw dollar bills on the New York Stock Exchange (demonstrating how easily the finance capital of the world could be thrown into a tizzy) or "levitated" the Pentagon during an antiwar demonstration in Washington—but they were great theatrics that put in stark focus the values of those who ran the system and the values of those who opposed it. Incredibly, it was the theatricality of his actions, not their immediate results (which were negligible), that so frightened the government that it set all the resources of the FBI upon him. They acted as if they thought that the Pentagon really would be levitated and the stock exchange destroyed.

The Chicago Conspiracy Trial of 1969 catapulted Abbie to national fame. The defendants were charged with crossing state lines to incite or promote violence during a most undemocratic Democratic convention, though it was clear to anyone who had witnessed what happened in Chicago that the violence was caused by the police with the approval of government officials. The demonstrators may have looked strange to Chicago officialdom; they were raucous and their message, that the U.S. system had to be overthrown, clearly frightened them, but they committed no violence. Originally, there were eight indictees, but Bobby Seale, the national chairman of the Black Panther Party and the only nonwhite among the group, was severed from the case for his adamant refusal to cooperate with Judge Julius Hoffman. Seale was gagged and bound in the courtroom—demonstrating for all to see how blacks were treated by American justice.

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In one of the great political trials of U.S. history, the defendants put the U.S. government on trial by exposing how ludicrous their indictments were. In the Yippie! spirit, the trials were also funny. When Abbie was asked if he had entered into an agreement with the other defendants to go to Chicago for the purpose of promoting violence during the convention week, he responded, "An agreement? ... We couldn't agree on lunch." The trials revealed that it was the government that had committed unsavory and undemocratic acts, not the defendants. The FBI was shown to have infiltrated the demonstrators' ranks, bugged their telephones, and tried to incite violence. In what has become standard fare for political cases, government witnesses were people with criminal records who had been paid to lie. It later turned out that Judge Hoffman had been meeting throughout the trial with the FBI and that was he who was guilty of conspiring, not the defendants. Though some of the defendants were found guilty of individually crossing state lines to incite a riot, they were all found not guilty of the main charge of conspiracy. In 1972 all the convictions were thrown out by the court of appeals.

Meanwhile, the Nixon White House was still avidly pursuing the war it had promised to end and lying about its bombing activities. On May 3, 1971, during another antiwar demonstration, the Nixon tapes revealed the following conversation:

Nixon: They [Fitzsimmons of the Teamsters], they've got guys who'll go in and knock their heads off.
*Halde*man: Sure. Murderers. Guys that really, you know, that's what they really do ... and they're gonna beat the [obscenity] out of some of these people. And, uh, and hope they really hurt 'em. You know, I mean go in with some real—and smash some noses.... I think getting Abbie Hoffman and, and this John—the other guy—they got.
Nixon: (unintelligible)
Haldeman: ...another of the Chicago Seven guys.
Nixon: Aren't the Chicago Seven all Jews? Davis's a Jew, you know.
Haldeman: I don't think Davis is.
Nixon: Hoffman, Hoffman's a Jew.
Haldeman: Abbie Hoffman is and that's so.

For anyone who believes that protest by the citizenry does not affect the government, these tapes are proof to the contrary. Just as Johnson stepped down because of public protest against the war, so was Nixon driven to react to public protest. The tapes prove the racist, antidemocratic, and "un-American" creed of the highest officials who declared their patriotism while accusing Abbie Hoffman of being "un-American." However, it was not until Watergate,

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a minor crime when seen against the illegal bombing of Cambodia, for example, that the public began to understand what Abbie had been talking about for years. When Abbie spoke about his own father, he could just as well have been speaking about much of the U.S. public: "He adopted America's values without question, he supported its wars, its courts, its charities, its police, its government. He had great trust in America's leaders. Watergate killed my father.... "

Run, Run, Run gives a good account of the 1960s from Abbie's perspective, a perspective shared by many demonstrators at the time, and it also recounts the disillusionment and frustration many people felt with Nixon's election and the continued war in Southeast Asia. The 1960s and the early 1970s were an incredible time, when young people felt that they really had control over their futures, that they were able to affect change in fundamental ways and to alter U.S. policies. When that change didn't proceed at a fast enough pace, many of the protesters, not prepared for the long haul, dropped out. Others turned to more violent means of dissent. Out of this frustration grew the Black Panthers and the Weatherman, who were destined to fail despite the accuracy of much of their critique. They were unprepared to face the powerful forces that the system mobilized against them. Nor were they able to absorb the fact that the majority of the U.S. citizenry was not able to live in a world of constant protest, not willing to put up with the steady trashing of the symbols they considered important (the flag in particular), and was untroubled by the gap between the promise of America and its reality.

In Abbie's case frustration and the news media's growing neglect of him, resulted in his increased depression and his use of prescribed and non-prescribed drugs to treat it. When Abbie went underground after an embarrassing and bizarre coke bust, the details of which still remain fuzzy, his life became conceptually hard to lead: "I had six different identities. My head was splitting apart, and I had to do something." In an article he wrote for *Oui* magazine in June 1977, he described the worst moments of his period underground: "I cried uncontrollably, realizing that I had chased away everyone I loved.... I craved death.... Every day began with thoughts of suicide and turning myself in; I was convinced that I had failed all those real and imaginary people cheering for me to go the distance."

Eventually Abbie resurfaced as Barry Freed on Wellesly Island, in New York's Thousand Island region just south of the

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Canadian border. He had changed considerably but had lost none of his enthusiasm or commitment. He founded the "Save the River" campaign to prevent the Army Corps of Engineers from instituting a "winter navigation program" that would have involved ice-breaking and flooding operations and destroyed the region's ecology. It was a spectacularly successful campaign that Abbie directed, partly because, for the first time, he was an active member of the community he was trying to mobilize. Of course, the campaign was conservative in many ways. Its purpose, after all, was to maintain the lifestyle of a community, not change it. "Save the River" was an example of a community's being organized, not a community's being preached to. When Abbie testified about the campaign before Congress, Patrick Moynihan remarked, "Everyone in New York State owes Barry Freed a debt of gratitude for his organizing ability."

Finally Abbie tired of living and acting under an assumed name. He turned himself in and did some time. When he was released from prison, he spoke on college campuses across the nation and continued to push the word. It was a difficult and sometimes hopeless fight, and for someone who needed as much public attention as Abbie did, an incredibly lonely one. Still, Abbie's writings and speeches during this period are among the best organizing literature that has been written. When he appeared in court on April 15, 1987, wearing a suit and tie, to defend himself after having been arrested the previous November for protesting CIA recruitment at the University of Massachusetts in Amherst, he said to the jury:

> When I was growing up in Worcester, Mass. my father was very proud of democracy. He often took me to town hall meetings in Clinton, Athol, and Hudson. He would say, "See how the people participate, see how they participate in decisions that affect their lives, that's democracy." I grew up with the idea that democracy is not something you believe in, or a place you hang your hat, but it's something you do. You participate. If you stop doing it, democracy crumbles and falls apart.

When asked if he would have done anything different in his earlier days he said, "I would have been a little neater, and had a few more manners, and more respect for the elders ... things like that. And I would have known when to talk soft, and that it all doesn't have to happen in one day."

When many of his peers left the movement to enter corporate America or to work in a politically quieter way or to dedicate themselves to their families, Abbie stayed on the front lines, working to keep democracy alive, well, and active. But the youth movement was

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different from what it had been twenty years earlier and it wouldn't sustain him. Though Abbie's outlook had become more conservative and he couched his message in tamer, more traditional terms, he was not able to make it resonate. The public continued to see him as the Abbie of 1968 and continued to defend the symbols of the United States while crushing dissent and democracy. Desperate, lonely, sick, drugged-out, and, in his opinion, ignored, Abbie finally committed suicide on April 11 or 12 of 1989.

In addition to reading *Run, Run, Run*, any serious community organizer should read Abbie's later work. Meanwhile, his early books, *Revolution for the Hell of It*, *Steal this Book*, and *Woodstock Nation* remain classics of the period.

(Continued from back cover)

economy? Yes, there is one, but it lends no support to monetary popularist doctrines and in fact tends to deprive them of their plausibility. This generalization, which should not be thought of as having the status of scientific law, is that in a capitalist system the state of the economy is the determining context in which monetary policies are formed and applied, not the other way around. The state of the economy in turn is the by-product of a capital accumulation process that is essentially blind, i.e., unplanned and uncontrolled. This does not mean that the monetary policy plays no role but that the role it does play is secondary, reactive—not determinative.

If there is a political conclusion to be drawn from the foregoing analysis, surely it is that monetary populism remains today what it has always been in the past, a dead end, a diversion from the real tasks of a serious radical movement—to expose capitalism for what it is and to direct energies into building support for a real alternative.

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(Continued from inside front cover)

and (2) that interest rates are controlled by the central bank. This is of course oversimplified, but that's the way it comes through and is used in popular discourse. In the case of the United States the central bank is the Federal Reserve System (the Fed) which by tradition, if not by law, is dominated by its Chairman, a position now held by Alan Greenspan. Since the state of the economy—prosperity, depression, stagnation—depends on the flow of purchasing power through its arteries and veins, and since some 80 percent of this flow emanates from consumers and businesses, it follows that Chairman Greenspan is a very powerful man indeed.

This view of the importance of the Fed and its Chairman is widespread, and sometimes it takes on truly dramatic proportions. For example, in its July issue, *CounterPunch*, the lively and informative newsletter written by Ken Silverstein and our good friend Alex Cockburn, features a leading piece under the headline "Stop Him Before He Kills Again: The Many Victims of Chairman Greenspan." His "kills" to date are said to have been the Ford and Bush administrations, and next in line is the Clinton administration. The headline on a July 3 column in the *Los Angeles Times*, written by Cockburn, goes further, calling Greenspan "the President in everything but name."

How much validity is there in these sensational claims? In our view, not much. The underlying theory sketched above is flawed in each one of its three crucial links: the Fed Chairman's supposed control over monetary policy, the Fed's alleged ability to control interest rates, and the supposed relation between interest rates and the state of the economy. Consider these in turn. First, the Federal Reserve System is owned by the country's banks; its Board of Governors, including the Chairman, is appointed by the President subject to Senate approval. This arrangement is supposed to dilute what would otherwise be a pure banker monopoly over monetary policy, but in practice it acts more as a disguise than as a counterweight. Actually the chairmanship is always awarded to someone who is thoroughly acceptable to the financial community and can be counted on to represent its interests. Second, it is generally agreed by economists and financial analysts that the Fed's control over interest rates is pretty much limited to short-term rates, while the more important long-term rates are determined by the bond and other money markets in which the Fed is only one among several powerful players. Third and finally, the textbook theory according to which the economy is supposed to respond in predictable ways to changes interest rates is far from having the general validity that is widely attributed to it. It is based on a number of special assumptions which may or may not be satisfied in concrete historical situations. To give only one example, but a very telling one: during the 1930's when the unemployment rate never dipped below 14 percent and interest rates were consistently very low and often hardly above zero, the economy never recovered its pre-depression levels until the outbreak of the Second World War.

Are there, then, no reliable generalizations that can be made in this whole area of the relation between monetary policy and the state of the

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